

FINANCIAL TIMES

Weekend FT

Dead men don't testify

The ripening of African football

A serious graphic novel

SECTION II

World Business Newspaper

WEEKEND JANUARY 13/JANUARY 14 1996

Republican rivals stake claim to be next US president

The nine men fighting to be Republican candidate for the US presidency headed for Des Moines, Iowa, for the first big set-piece event of the 1996 campaign, a nationally televised debate. They aim to woo the 100,000 Republican voters expected to turn out on February 12 for the state's party presidential caucus, which will do much to determine the course of the Republican campaign. Page 22 and Lex

France Télécom announced a series of moves to launch itself fully on the Internet, providing access to users from anywhere in France for no more than the cost of a local telephone call. Page 2

Warning to London Stock Exchange: The London Stock Exchange must reform the way shares are traded or face being undermined by rival exchanges in London and overseas, a leading member of the exchange's executive said. Page 4; Lex, Page 22

Japan's PM ignores election call: Japan's new prime minister, Ryutaro Hashimoto, ignored calls for an early election and pledged to concentrate on the country's economy. Page 22; Duffell fall guy, Page 9

Wall St dents early rise in UK stocks: Another volatile opening by Wall Street put a sizeable dent in an earlier rise in the UK equity market. The Dow Jones Industrial Average posted an early rise but then fell sharply to show a 40-point fall an hour after London closed. At the end of an erratic session in London, the FT-SE 100 index closed up 2.4 at 3,557.3. Over the week, the Dow produced a two-day decline of 160 points as the US budget deadlock unnerved international investors while the FT-SE 100 registered a 47.2 fall. London stocks, Page 19; World stocks, Page 17

Close race predicted in Portugal poll: Portugal's presidential race is expected to result in a close finish tomorrow after conservative candidate Anibal Cavaco Silva narrowed the early lead held by his Socialist rival Jorge Sampaio. Page 2

Major rebuffs Thatcher's criticism: UK prime minister John Major attempted to bind his warring Conservative party together by rebuffing a stinging criticism from former PM Baroness Thatcher. Page 22; Thatcher's crown prince flounders, Page 4; Editorial Comment, Page 8

New setback for González: Spanish prime minister Felipe González faced renewed controversy as a "dirty war" inquiry closed in on a former cabinet colleague. Page 2

Syria agrees to more peace talks: Syria agreed to include military experts in its negotiating team and to hold a new round of peace talks with Israel in the US on January 24. Page 3

Italy faces election decision: Italy's political leaders must choose between supporting a new reforming government or fighting early elections after the administration's resignation. Leaders from the centre-left and the right suggested a return to the polls was the most likely outcome. Page 2

Extra demand pushed up oil prices: A sharp rise in oil demand at the end of last year, together with lower than expected increases in supply, are responsible for pushing up prices, says the International Energy Agency. Page 3

Spain cuts interest rate: The Bank of Spain unexpectedly cut its benchmark interest rate from 9 per cent to 8.75 per cent. Page 2

Kmart's debt rating lowered: Struggling US discount retailer Kmart's debt rating was lowered to junk bond status by Standard & Poor's, the US rating agency. Page 6

US hit by fresh snowstorms: The US north-east, still recovering from one of the worst blizzards in decades, was hit by fresh snowstorms.

Top cricket umpire to retire: Dickie Bird is to retire as a Test umpire at the age of 62 after his 68th Test in a 23-year international career when England play India at Lord's in June.

Companies in this issue: Argos, Hoddler Headline; Axa, Hughes (TJ); Barney's, Hutcheon Whampoa; BOC, Integrated Optics; Bull, Ieston; Commercial Union, Kmart; Compass, Marweb; Dawson Holdings, Midland Bank; Disney, Morgan Stanley; Forte, Reppol; France Télécom, Razam; General, Rhino; Granada, Siemens; Hi-Tec Sports, Welsh Water.

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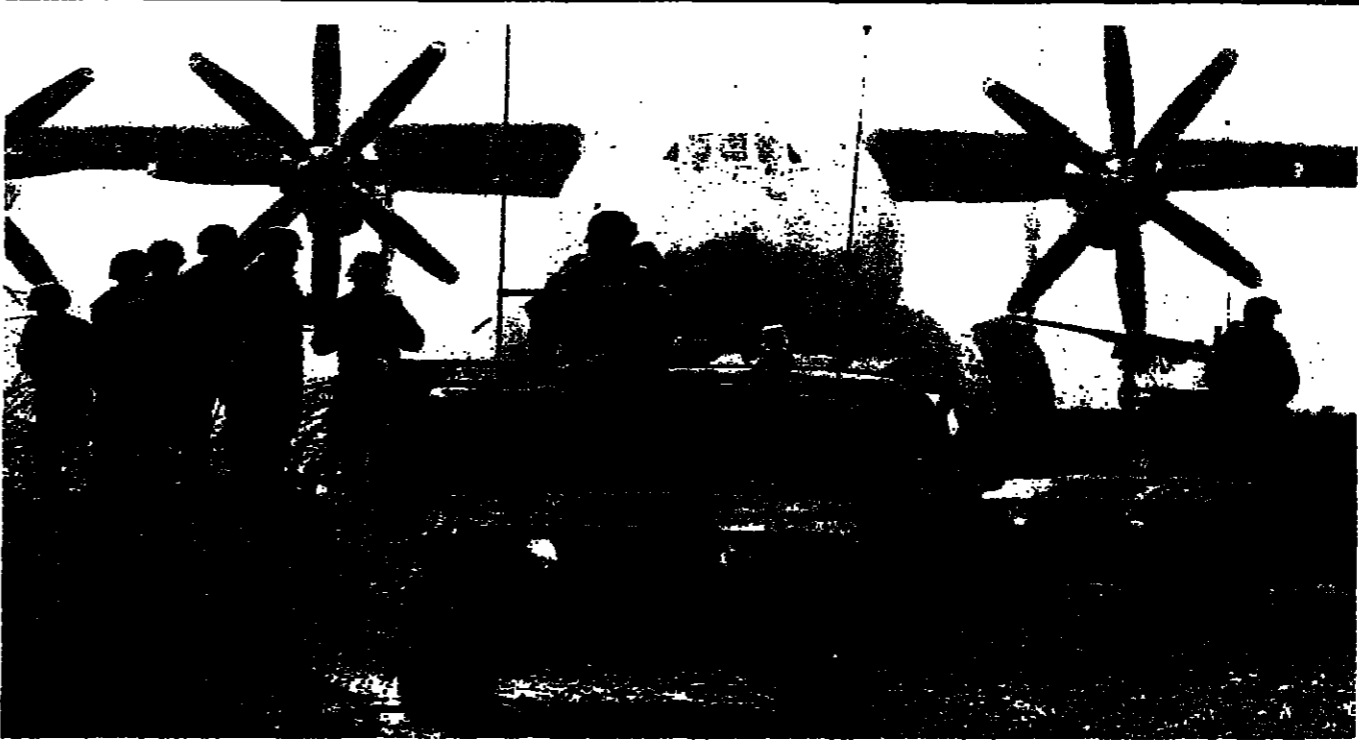
Russia aims to regain status as great power

By Chrystia Freland in Moscow

Mr Yevgeny Primakov, Russia's newly appointed foreign minister, adopted a strident tone in his first public appearance, insisting yesterday that his priority would be to strengthen Russia's status as a "great power". The tough stance appeared to confirm fears that Mr Primakov, the Kremlin's chief spy-master before this week's cabinet shuffle, will usher in a chillier era in Russia's relations with the west. But Mr Primakov, a candidate member of the Soviet Politburo in the 1980s, softened his message with assurances that he did not seek another cold war and hoped to maintain good ties with the west.

"I would very much not like to become a person *non grata* for the US public," Mr Primakov said, in an effort to soothe the widespread worries which his appointment has provoked in the west, particularly in the US. However, in an echo of the nationalist rhetoric which Communist politicians used to great effect in parliamentary elections last month, the new foreign minister also insisted: "The point is that in spite of the present difficulties, Russia was and remains a great power. Her foreign policy should correspond to that status."

Mr Primakov, who speaks Arabic and has warm relations with some of the more radical regimes in the Middle East, said one of his most important tasks would be to "diversify" Russian foreign policy. Mr Andrei Kozyrev, Mr Primakov's liberal predecessor, had been fiercely criticised by nationalists for relying exclusively on friendly ties with the west, but the new foreign minister appears likely to try to revive Moscow's relations with former Soviet client states and allies.



US peacekeeping troops watch an Antonov aircraft at Tuzla air base, Bosnia. Russian troops are to take part in the Nato mission

Chief among them will be the former Soviet republics. Although Mr Primakov stopped short of the Communist promise to recreate the USSR, he said the "strengthening of integrationist tendencies within the former Soviet Union" would be one of his principal goals. In style as well as content, Mr Primakov's public appearance suggested the disciplined, tight-lipped days of Soviet diplomacy more than the free-wheeling approach of Mr Kozyrev, who is more than two decades younger than his successor. An early sign of Mr Primakov's more hardline position came with his message to Japan, which is pressing Russia to return the Kurile Islands seized at the end of the second world war. "To wait for another generation" before raising the issue. Official western observers are also unlikely to have welcomed his nostalgic remarks when he said "the past four years and four months", when he served as Russia's chief spy, "were among the happiest of my life".

Russian Communists: same but different. Page 2

Swedish sleaze row dents image of ruling party

By Hugh Carnegie in Stockholm

Sweden's ruling Social Democratic party has been dragged into an embarrassing row which has clouded its aura of selfless public service. Secretly shot television pictures of a private detective rifling through a journalist's desk and stuffing documents down his shirt have shaken the party just as it was recovering from controversy over the use of government credit cards which felled Ms Mona Sahlin, once the prime minister-in-waiting. Mrs Sahlin resigned as deputy prime minister in November after disclosures that she had used government issue credit cards to make private purchases. The detective was working for executives of two organisations with close ties to the SDP. Mr Göran Persson, finance minister, to whom the party turned following Ms Sahlin's fall, was forced to go on TV in an attempt to distance the SDP from the episode, but he admitted it would damage the party. It is a row the SDP could well do without. Last month an opinion poll showed the conservative opposition Moderate party had drawn level with the Social Democrats for the first time as support slumped for the party which has ruled Sweden for 53 of the past 64 years. In the latest incident, the independent channel TV4 revealed that senior figures in HSB, a property and savings institution, and an advertising agency which masterminded the SDP's successful 1994 general election campaign, had initiated an investigation of one of the channel's correspondents who had produced unflattering reports on HSB. This led to the detective's midnight visit to the correspondent's desk at the TV station. Unknown to the detective, the TV4 staffer who let him in had tipped off the station, which caught him red-handed on film. In the past two years, several other events have also damaged the credibility of the tightly-knit, SDP-labour union hierarchy. Late last year the former leader of the TCO white-collar trade union organisation was appointed by the government to head a county council administration in a union-dominated company. Efforts since by the SDP government to find him a new job have been thwarted by angry protests from the union rank-and-file. Swedish scandals may not compare in scale with the kinds of corruption allegations that have reverberated in Italy, Spain and France recently. But domestically at least they are chipping away at the Social Democratic reputation for public rectitude. It is a trend the authoritarian Mr Persson will have to work hard to reverse.

Spain to sell more of stake in Repsol

By Tom Burns in Madrid

The Spanish government decided yesterday to sell an 11 per cent shareholding in Repsol, the profitable oil, gas and chemicals group. The sale will take place at the end of this month in a global offering that could raise Ptas135bn (\$1.1bn) at current market prices. The disposal, which had been widely expected, will mean the group will be tapping the markets for the second time in less than a year. Last April, the government reduced its Repsol holding from 40 per cent to 21 per cent in a placement that was two and a half times oversubscribed and realised Ptas200bn. Details of the tranches in the new sale have still to be announced but the Sociedad Estatal de Participaciones Industriales (Sepi), the government agency which is making the disposal, is likely to offer half the 33m shares involved in the placement outside Spain. The maximum share price for the offer will be announced on January 29, the subscription period will be between January 30 and February 2, and the final price will be fixed after Wall Street closes on February 5. Repsol, one of Spain's premier industrial groups, lifted its net profits by 32 per cent, from Ptas89.4bn to Ptas95bn over the first nine months of the current financial year. Sharp increases in earnings

Continued on Page 22

French network of insurance agents set for radical shake-up

By Andrew Jack in Paris

France's insurance industry is set for a radical shake-up as negotiations come to a head over the future of thousands of general agents who dominate the sales of many types of insurance policies. The leading insurance companies and representatives of the agents are close to an agreement which is likely to lead to the most fundamental reform in their relations in more than 45 years. The profession of general agent, which has existed for more than a century, is a French creation. Agents operate independently with unlimited liability, but each has an exclusive agreement with an insurer which grants them a monopoly in a region to sell its policies. Under proposals being discussed, relations between the agents and insurance companies are expected to be made much more flexible. The degree to which agents can sell only a single insurer's products may be reduced and the ways in which they are remunerated made more dependent on profitability. They may also in the future be able to protect their personal assets by becoming incorporated, also allowing groups of agents

more easily to merge and become more productive. There are currently 17,440 agents in France, generating a sales in 1994 of FF13.7bn (\$2.76bn). During that year, they sold 42 per cent of all non-life insurance policies issued in France - such as for cars and house contents - and 15 per cent of life assurance policies. All the leading French corporate insurers use general agents to sell their products for a commission, currently fixed at about 17 per cent of a policy's value. However, insurance companies

Continued on Page 22

Table with columns for Stock Market Indices (FT-SE 100, FT-SE Eurotrack 100, FT-SE-A All-Share, Nikkei, Dow Jones Ind Ave, S & P Composite, New York: S&P 500, Nikkei, Dow Jones Ind Ave, S & P Composite), US LUNCHTIME RATES (Federal Funds, 3-m Treasury Yld, Long Bond, Yield), STERLING (New York, London, DM), DOLLAR (New York, London, DM), NORTH SEA OIL (Argus), GOLD (New York, London), LONDON MONEY (3-mo interbank, Life long gilt), and CONTENTS (News, International News, UK News, Weather, Lit, Features, Leader Page, Labors, Men in the News, Companies & Finance, Markets, FT-SE Activities, FT&SP-A Mid Index, Foreign Exchanges, Gold Markets, Equity Options, London SE, LSE Dealings, Managed Funds, Money Markets, Recent Issues, Share Information, Wheat Commodities, Wall Street, Bourses, Weekend FT, Section I).

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NEWS: EUROPE

Serbs drop threat of Sarajevo exodus

By Harriet Martin and Bruce Clark
Bosnian Serbs stepped back at the last moment from their threat to stage a 'violent and spectacular mass exodus from Sarajevo...

tern Bosnia. The Pentagon said its own officials and the Central Intelligence Agency would follow up a report in the New York Times...

ery set ablaze to stop them falling into Muslim hands, was averted after tense talks between local Serbs and western envoys...

been known to the US government, and to the war crimes tribunal, well before this week's press reports.

Bosnia. However, the pace of investigations, and the choice of areas to be probed, may still prove controversial.

Prospect of Italian poll moves closer

By Andrew Hill in Milan

Italy's political leaders yesterday faced the choice between supporting a new reforming government or fighting early elections...

Russian Communists: same but different

The west may worry about the resurgence of the Communists in Russia's parliamentary elections last month but, as the appointment of Mr Yevgeny Primakov...



President Boris Yeltsin: former Communist

Some 82 per cent of the current regional elite and 74 per cent of senior government personnel were also leading party members.

It is tempting to believe that little has changed in Russia and that the people who once ran the country are still in power.

of Mr Yeltsin's administration, it has - in practice - charted a radically new political and economic course.

John Thornhill

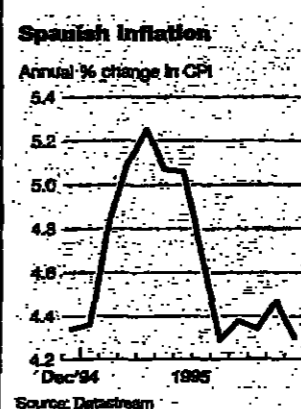
Gaidar offers to be hostage

Russia's leading liberal politicians offered to intercede yesterday in the hostage crisis in the North Caucasus that has deeply embarrassed the Kremlin and, according to Russian officials, left at least 20 people dead.

German tax revenue falls

Germany's worsening economic situation led to a steep shortfall in tax revenues last year, but reduced spending meant the government only had to borrow slightly more than planned to cover the federal budget deficit.

Spain cuts rates again



The Bank of Spain yesterday unexpectedly cut its benchmark interest rate from 9 per cent to 8.75 per cent, the second reduction in three weeks.

France Télécom to join the Internet

By David Buchan in Paris

France Télécom yesterday announced a series of moves to launch itself fully on the Internet and to revitalise its Minitel telephone-based information service...

ary, its own services on the Internet. Hoping to give its Minitel service a boost, France Télécom will cut the cost of using it by nearly 50 per cent to 45 centimes (5.56p) a minute...

ular service. Minitel and the Internet will be mutually accessible. Users of Minitel, which already has an electronic message service, will be able to use Internet E-mail.

Internet language is English, France Télécom's services will be in French. Mr Jean-Jacques Damblan, development director at France Télécom...

and arrival of what Mr Damblan called 'the big fish' such as AT&T and MCI of the US or Cable and Wireless of the UK.

González faces new 'dirty war' dilemma

By David White in Madrid

Mr Felipe González, the Spanish prime minister, faced renewed controversy on two fronts yesterday as a 'dirty war' inquiry closed in on a former cabinet colleague...



Spain's former interior minister José Barrionuevo who has been placed on Pta 15m bail

yesterday provided a bank guarantee to cover his bail. Mr Barrionuevo remains at liberty but has had his passport confiscated.

The Gal are also blamed for some 26 killings between 1983 and 1987, when Mr Barrionuevo was minister. The government has repeatedly denied organising or authorising the campaign.

Conservatives in Portugal close gap on Socialists

By Peter Wise in Lisbon

Portugal's presidential race is expected to result in a close finish tomorrow after an increasingly belligerent campaign in which Mr Aníbal Cavaco Silva, the conservative candidate...

who quit as Lisbon mayor to run, would be the first time since the return of democracy in 1974 that voters have not chosen a president from the party opposed to government.

South Africa strike cancelled

South African trade unions yesterday cancelled a one-day national strike on Tuesday, called in protest at the government's plans for restructuring the state sector.

Government officials insisted yesterday that the restructuring plans were still on course, but Cosatu's decision to call off next week's strike suggests that it may have won important concessions and achieved a bigger role in deciding the future of state industries.

Colombia drug chief escapes

Jose Santacruz Londano, one of the world's most important drug traffickers, escaped through a one-way mirror from a maximum security prison in Bogotá, only six months after his capture was hailed as a big victory in the Colombian government's war on drugs.

Taiwan gains tax dropped

Taiwan's parliament yesterday overturned controversial capital gains tax legislation in a move to calm jittery stock market investors. The body also voted to keep the share transaction tax at its existing level of 0.3 per cent.

CDU, SPD in Berlin coalition

Berlin's conservative Christian Democrats (CDU) and the Social Democrats (SPD) ended three months of negotiations yesterday by agreeing to form a coalition government wedded to making savings of DM2.1bn (€10.35bn) spread over its four-year term.

The coalition, to take office later this month, will have a full agenda, not least overseeing the completion of building projects worth DM28bn and cutting unemployment, which is running at more than 13.4 per cent in the west and 12.3 per cent in the eastern part of the city.

Indonesia police probe bank

Indonesian police investigators have been called into the Jakarta branch of the Hongkong and Shanghai Banking Corporation to investigate an allegation of fraud. Indonesian newspapers, quoting unnamed sources, said the fraud involved 'billions of rupiah'.

Corsica separatists offer 3-month truce

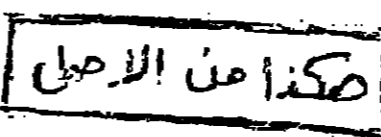
By Andrew Jack in Paris

One of Corsica's most militant separatist groups yesterday offered a three-month truce in an effort to win the chance of negotiations with the French government over demands for greater autonomy.

Corsica of Mr Jean-Louis Debré, France's interior minister. He planned two days of discussions in an attempt to cope with the violence gripping the Mediterranean island, but is reported to have ruled out any formal negotiations with the separatists.

away last year from the outlawed FLNC itself, complicating the situation and triggering a number of killings between rivals in the different groups.

departments or administrative regions. It has called for recognition by the French state of the Corsicans as a separate group of people, abolition of the two departments and their elected councils, the recognition of the Corsican language and the establishment of a Corsican educational system.



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COMPANIES AND FINANCE

Argos margins held as Christmas sales rise

By Neil Buckley

Argos, the catalogue retailer, yesterday confirmed that it had enjoyed one of the best Christmas performances of any retailer...

For the year to December 30, total sales were up 14 per cent. Indicating that there was only a slightly slower sales growth...

Mr Bob Stewart, the finance director, said that sales of higher-margin furniture products, as well as textiles, and leisure and sports goods...

S&P lowers Kmart debt to junk bond status

By Richard Waters in New York

Kmart, the struggling US discount retailer, yesterday suffered a further blow to its finances as its debt rating was lowered to junk bond status...

The downgrade came a day after Kmart indicated it was well on the way to completing an accord with its bank creditors...

The company, which is attempting to extend \$2.7bn of bank loans, has been beset by rumours that it will be forced to file for protection under Chapter 11 of the US bankruptcy code...

Isetan sues Barney's owners

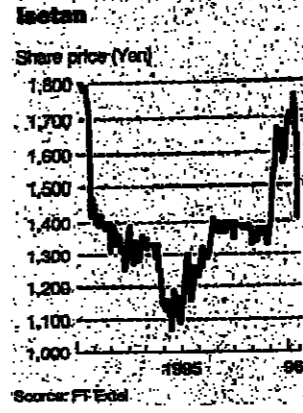
By Eriko Terazono in Tokyo and Tony Jackson in New York

The dispute between Barney's, the bankrupt New York retailer, and its Japanese partner, Isetan, deepened yesterday with a \$168m lawsuit from Isetan against Barney's joint chairmen and owners...

Information given by Barney's, Isetan said. In Tokyo, concerns over threats of legal action by Barney's depressed Isetan's stock price...

Mr Kimihiko Murata, an Isetan official, denied any knowledge of the allegations. Isetan, which claims to have extended more than ¥20bn (\$191.2m) in loans to Barney's affiliates...

Isetan had funded Barney's expansion in the US and invested and lent a total of ¥6.6bn to the stores. Isetan said it had refused Barney's demands to assume ownership of the property...



Barney's would thus save interest charges, reported to be up to \$2m a year, which it has paid Isetan as an effective rental on the properties. It is believed that Isetan has been reluctant to accept equity and thus forgo its income...

It may cover the losses by selling marketable assets. Ironically, the dispute comes when Barney's Japan, a retailing joint venture in Japan in which Isetan owns 80 per cent...

The retailer posted a 46.9 per cent increase in its recurring profits to ¥9.4bn for the year to last March, its first rise in four years, and expects a slight uptick in the current year.

Hodder Headline lifts sales but retains caution

By Alice Rawsthorn

Hodder Headline, the book publisher which issued a profit warning last autumn, yesterday announced a 13 per cent sales increase for the final quarter of the year following the collapse of the net book agreement...

However, Mr Hely Hutchinson cautioned that despite the fourth quarter recovery, group profits would still be below the £8.18m of 1994 made from turnover of £90.6m. Hodder's unaudited sales for 1995 totalled £89m.

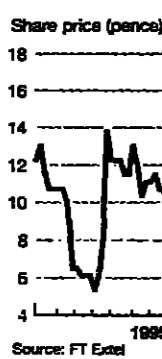
Mr Hely Hutchinson declined to comment on the impact of discounting on profitability. However, he said publishers "ought to be able to make as much profit from discounted deals as long as there are good volume increases and firm sales".

Rhino suffer after price war

By Peggy Hollinger

A fierce price war before Christmas has taken its toll on Rhino Group. The recently restructured computer and video games retailer announced yesterday that annual losses would be greater than expected...

Rhino Group



The company has incurred losses for the last two years, although the market had expected it to break even in the second half. Mr John Steinhilber, chief executive, said the expectations had been thrown off course by a price war between Virgin Group and the retailer...

Siemens plans IT acquisitions in UK

By Stefan Wagstyl

The British offshoot of Siemens, the German electronics and engineering group, is planning acquisitions in the information technology industry. Mr Jürgen Gehrels, chief executive of Siemens' UK operations, said yesterday that, even though the company had grown fast, it needed to make acquisitions in markets where it was weak.

over of £1.28bn last year, marginally down on 1994, when the company benefited from large power station orders. The UK market for electrical engineering and electronics grew by between 5 and 6 per cent last year and should grow by a further 6 per cent in 1996...

Optoelectronics group set for £20m flotation

By Alan Carne

Integrated Optical Components, which makes novel electronic devices to drive the information super-highway, plans to join AIM through a placing likely to value it at about £20m. The flotation is likely to happen at the end of February, with Henry Cooke Lumsden acting as broker. New shares will be issued representing some 30 per cent of the enlarged company.

Meyrick, financial director, said this year the figure was expected to more than double. Profits last year were a shade under £100,000. IOC was formed in November 1991 by Mr Mike Powell, now managing director. Mr Adrian O'Donnell, technical director, and Mr Jake Dodson, production director, all former employees of GEC Marconi. Initial funding of £1.5m was provided by 3L, BTG and Innovation. Total investment to date is about £3.5m.

Compass chief's 43% increase

Mr Francis Mackay, chief executive of Compass, the contract catering group, received a 43 per cent pay rise in the year to October 1 1995. His total remuneration of £559,000, compared with

£391,000, and included a payment under a long-term incentive scheme amounting to £148,000. Pre-tax profits in the same 12-month period were 31 per cent ahead at 273.2m.

Axa, Generali near to deal on shareholdings

By Andrew Jack in Paris

Axa, the French insurance group, and Generali, its Italian competitor, are expected to conclude a new agreement covering their cross-shareholdings by the end of next week. Mr Antoine Bernheim, the partner with Lazard Frères, the French investment bank, and newly-appointed chairman of Generali, said he expected to reach an accord shortly.

Axa has confirmed that discussions are under way to resolve the relationship between the two groups, which have held 40 per cent cross-shareholdings through non-quoted holding companies since 1989, the legacy of the takeover of the French insurer Compagnie du Midi by Axa. Shortly after he became chairman of Generali last year, Bernheim said he wanted his group to become more active partner with Axa, although the French group replied that in the past it was the Italians who had proved reluctant to co-operate. Mr Bernheim said last week the current status of its Axa stake was "no longer of interest" and that while there were no conflicts, it would serve both groups if the stakes were held through quoted shares.

Too perfect for its own good Lucia van der Post on the background to Barney's difficulties

Whereas Holly Golightly headed for Tiffany whenever she got the "mean reds", today's chic Manhattanite is much more likely to make for Barney's. Barney's had become an icon of the 90s, its clean, architecturally-led style the role-model for stores all over the world...

formed itself from an attractive department store seining to the needs of its local residents into a cool, airy, hip emporium with some of the smartest labels in town. Chic Eastsiders began to head downtown and the privately-owned Barney's began to have imperial dreams...

ing or the most refined reaches of modern taste, a trip to Barney's was unmissable when visiting New York. Barney's had transformed itself into one of those impressively beautiful stores filled with such raffish luxury that even Manhattan's legendary incomes were not enough to edge it into profit.

beauty while outside on the streets those distinctive black Barney's bags were suspiciously thin on the ground (whereas over on Lexington, outside Bloomingdale's, you could find your way to the store, simply by following the brown paper bags).

Table with 12 columns: Results, Turnover (£m), Pre-tax profit (£m), EPS (p), Current dividend (p), Dividend cover, Total for year, Total for 3 years. Rows include Division Holdings, French, IFT Sports, Investment Trusts, and NZW Commodities.

Advertisement for DIRECT SAVINGS BRISTOL & WEST. Text: INTEREST RATES ARE GUARANTEED TO REMAIN COMPETITIVE. THE DIRECT SAVINGS PORTFOLIO: INSTANT ACCESS, 90 DAY, HICA, TERM, TESSAS.

Table with 10 columns: Name of Society, Product, Gross Rate, Net Rate, Interest Paid, Minimum Investment, Access and other details. Lists various investment products from various societies.

Advertisement for DIRECT SAVINGS BRISTOL & WEST. Text: TELEPHONE ACCESS - 24HRS A DAY, 366 DAYS A YEAR. THE DIRECT SAVINGS PORTFOLIO: INSTANT ACCESS, 90 DAY, HICA, TERM, TESSAS.

Handwritten Arabic text: صكنا عن الاصل

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Gold price hovers near \$400

The momentum behind the fall was underlined by the fact that IPE crude turnover on Thursday set a record of \$5,629 contracts, 21 per cent above the previous high, which was set in November 1993.

At the London Metal Exchange there were signs of an exchange of roles between copper and aluminum as the former's supply tightness appeared to ease and the latter's to deepen.

Cash copper's premium for "backwater" over the three months delivery position was a reflection of short nearby supplies - narrowed from \$12 a tonne at the end of last week to \$6.2. Traders suggested that this, together with a continued uptrend in LME warehouse stocks of the metal, was an indication that the copper market had moved into physical surplus, a diagnosis that was supported by the three months position's \$48 fall on the week to \$2,507.50 a tonne.

Meanwhile, active trading in the aluminum market saw its cash/three months spread reverse from a narrow discount for "contango" to a backwardation of \$11/4 a tonne. Traders told the Reuters news agency that the tightness behind this was centred on the end-January/early-February period, as was reflected in a \$22/27 January/February backwardation.

The London Commodity Exchange's robust coffee contract put in a perky performance this week. Helped by concern about frost damage to flowering for the Mexican 1995-97 crop, the March position jumped to \$1.815 a tonne at one point yesterday, before retreating to \$1,760, up \$15 on the day and \$36 on the week. Traders said the rally, which had been driven by covering against short positions, was capped by producer selling.

The oil market's performance this week was in sharp contrast to gold. As profit-taking revealed little underlying support traders appeared to draw the conclusion that recent strong gains had been overdue. The downturn continued until a fall of 31 cents yesterday left the prompt February crude position on London's International Petroleum Exchange down \$1.47 on the week at \$17.58 a barrel in late trading.

BASE METALS

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes Aluminum, Copper, Nickel, Tin, Zinc, Lead, Silver, Gold.

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Precious Metals continued

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes Gold, Silver, Platinum, Palladium.

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GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes Wheat, Corn, Soybeans, Rice.

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SOFTS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes Coffee, Cocoa, Sugar.

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MEAT AND LIVESTOCK

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes Beef, Pork, Lamb, Hides.

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday January 13 1996

Batting for Tony Blair

A sense of imminent demise hangs heavily over Mr John Major's government, and Baroness Thatcher's abrasive criticisms this week did nothing to dispel that impression.

Markets are said to detest uncertainty; and nothing could be a more uncertain prospect than a government that faces two by-elections which could leave it with a majority of one.

At another level, it would be very easy to increase the yield from corporation tax by raising the rate, or to raise the pension funds by cutting the rate of advance corporation tax.

Deeds, not words

Yet it is not just the nature of the leadership that has changed since Labour left office in 1979. Following the abolition of exchange controls, the penalty for departures from fiscal orthodoxy is more likely to be administered by the markets than the International Monetary Fund.

For all Mr Blair's protestations, the one certainty about any future Labour government on fiscal matters is that it will come under even greater pressure over public-sector pay than the Tories.

in which pay restraint is close to the limits of tolerance. Equally ominous, much of the parliamentary Labour party has more in common with old Labour than new.

On balance, the bond and currency markets may be marginally kinder to Labour than in the past on the basis that the party's head, if not its heart, appears to be in the right place.

Potential worry

Equities, on the other hand, offer more of a conundrum. Messrs Blair and Brown are less hostile to business than their predecessors.

Now it's only two years later and there's been a major turnaround. It's as if the ship that was headed in that direction is now headed in the direction of an improving city, which is now looked at more often for its successes than its alleged failures.

Part of the reason may be a personality problem. If Mr Giuliani attended charm school, he must have left with a low grade. Austere and puritanical, he fought the election with no experience as a career politician.

Since then he has won grudging respect for his successes in reducing crime and cleaning up the streets. But his attack on welfare benefits and public services - part of his budget-slashing efforts to resolve the city's perpetual financial crisis - have seen him demonised as an enemy of the needy.

The FT Interview • Rudolph Giuliani

Reformer in a reluctant city

New York's mayor tells Richard Tomkins and Andrew Gowers how his tough policies have reduced crime and unemployment

For a city that never sleeps, New York this week took an almighty snooze. Stricken by one of the worst blizzards of the century, it ground almost to a halt on Monday and Tuesday, its economy paralysed.

It was, however, only a momentary setback: in other respects, things are looking up in New York. The city's crime rate has plummeted, the hotels are overflowing with tourists and business visitors, and a long decline in private sector jobs has been reversed.

In a sign of the times, after 15 years of delays and dashed hopes, private sector companies are suddenly falling over themselves to take part in the multi-million dollar restoration of Manhattan's decrepit 42nd Street.

Mr Giuliani, the city's first Republican mayor in a generation, can therefore be forgiven a little self-congratulation.

"The city I became mayor of was heading in the direction of spending far more money than it's spending now, losing hundreds of thousands of jobs, of not being able to attract capital investment," he said in an interview.

Any mayor presiding over such an upswing might reasonably expect to see a matching increase in popularity. But New Yorkers can be a curiously fickle lot.

Relishing his success in beating down crime, Mr Giuliani describes how New York has become a more attractive city since he took office. "There are now 130 to 140 cities that have higher per capita crime rates than New York city."

And his campaign to improve New Yorkers' quality of life is paying off, he says. "People tell me that some of the public dangers they had to face in the past, like aggressive pan-handling and squeegee operators, seem to be reducing. And they see that the city is getting cleaner."

Mr Giuliani also takes credit for reversing the slide in the city's economy. In the four years before he became mayor, he says, New York city lost about 400,000 jobs.



has earned a reputation for self-righteousness and intolerance through almost ceaseless confrontations with public officials and others who decline to bend to his will.

Other actions have proved more controversial. When Mr Giuliani came to office, New York city was big government epitomised: a heavily taxed, municipal welfare state supporting a vast array of public services.

Mr Giuliani has axed 17,000 municipal jobs, about 8 per cent of the total. Many of those jobs are now filled by the unemployed, for Mr Giuliani has ordered that able-bodied single people on welfare should be required to work for their benefit cheques.

"We now have about 30,000-25,000 people working for New York city in return for welfare payments, and we will be expanding that programme," Mr Giuliani says.

Cuts in the municipal workforce have been accompanied by the start of a privatisation programme. A

office than in all the four years before that. And now we are starting to attract business, something the city hasn't done in 50 years," Mr Giuliani says.

The claims are at least partly justified. Most commentators accept that the quality-of-life campaign and the crackdown on crime have made New York safer, and businesses have been further encouraged by the mayor's commitment to reducing spending and taxation.

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Cuts in the municipal workforce have been accompanied by the start of a privatisation programme. A

city-owned television station and radio station have already been sold. Mr Giuliani has ordered the sale of three of the city's 11 acute care hospitals as a prelude to the sale of the rest.

"New York city's government was much too big, and was trying to do too much. So we are in the process of trying to take the city out of businesses it should never have been in in the first place so that we can do our core functions better," Mr Giuliani says.

The mayor's zeal is necessarily tempered by political reality. In a city of dyed-in-the-wool Democrats, he has to move with caution if he is to have any hope of carrying the electorate with him. His reforms so far look less than revolutionary when compared with those of more progressive mayors of US cities, such as Indianapolis.

No such reticence, however, seems to apply when it comes to a stand-up public row. A memorable example came last year when Mr Giuliani took on the supposedly autonomous New York city schools board in an attempt to seize control of its spending.

Giuliani forced him out of office. New Yorkers were appalled by his mayor's bullying tactics, and his popularity sank.

Mr Giuliani makes no apologies for the episode. The money that should have been spent on education was being soaked up by the school system's bureaucracy.

"I think a lot of the changes we are making, we are not going to get the credit for. We will get the credit in 10 or 20 years - and that's part of the excitement of it," he says.

"When I ran for mayor of New York city I saw this was a very difficult job, a job that may have no future. But 20 or 30 years from now, if I make the changes that I believe I can make, I will be very proud of it. That's the way I look at it: as something you can look back on when you're 70 or 75 years old, and be very proud that you moved the city in the right direction."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Investment inevitably reflects tax advantages

From Mr Robert Turnbull, KPMG. Sir, Lex ("Special dividends", January 10) is much exercised by a tax "loophole" which allows taxpayers in effect to elect for income or capital treatment.

First, a tax system which distinguishes between income and capital gains creates an environment in which taxpayers' investment decisions will, unsurprisingly, reflect that distinction.

Second, and as Lex acknowledges, any distribution paid to a shareholder is subject to advance corporation tax, which gives the shareholder a matching tax credit. But he misses a key point: that the aim of such an "imputation" system is to ensure that only one tier of tax is paid on the company's profits.

Robert Turnbull, KPMG, PO Box 466, 1 Puddle Dock, London EC4 2PD, UK

Europe's carmakers should be pressing for global unification of emissions

From Mr K.E. Ludvigsen, chairman, Ludvigsen Associates, 73 Collier Street, London N1 9BE, UK. Sir, Experts inside and outside Europe's carmakers are well aware that to improve competitiveness the vehicle companies must improve their economies of scale.

To achieve this the carmakers are reducing numbers of platforms, and striving to increase their absolute volume.

In the latter case, however, Europe's near-saturated markets means that car exports must be developed strongly. Successful exports in turn call for an ability to meet the most demanding world safety and exhaust emissions

standards. And in Europe should we be satisfied with less?

Yet PSA Peugeot Citroën Jacques Calvet ("A case for quality control", January 10) argues that we have done enough in Europe to reduce car emissions and should remain indefinitely at the 1996 EU status quo - a level which by no means ensures that all Europe's carmakers will have the ability to compete in the many export markets which intend to reduce car emissions further to 2000 and beyond.

One of the arch-isolationists of Europe's motor industry, especially since PSA's complete withdrawal from the US market, Mr Calvet is recommending that Europe remain a low-tech ghetto in which the

long-term problem of car emissions, especially of smog-generating oxides of nitrogen, remains unsolved.

How much better it would be for Mr Calvet and his colleagues to be arguing for, and implementing, global unification of both test standards and (progressing at different rates) emissions levels for cars.

Or does he still see Europe's unique standards as a valuable non-tariff barrier against those annoying Pacific Rim imports?

K.E. Ludvigsen, chairman, Ludvigsen Associates, 73 Collier Street, London N1 9BE, UK

Protectionism may need to be reconsidered

From Mr Colin Hines, Tim Lang, 11 Park House Gardens, East Twickenham, Middlesex TW1 2DF, UK

Sir, Martin Wolf is correct ("Path to full employment", January 9) that a substantial increase in poverty and inequality is the future for a more competitive US economy. His assertion that this can be overcome by an acceptable minimum income to those who would then earn low wages suffers from one fundamental flaw. The increasing job insecurity caused by the restructuring needed to compete internationally is resulting in a slowdown in consumer demand in OECD countries.

Automation is now sweeping through manufacturing and services and enhancing

management systems which hasten downsizing. The once-obtainable middle-class goal of a job for life is now a fast-fading memory.

Lowered tariff barriers and cheap labour in Asia and eastern Europe have cut jobs either through competition from imports, or through relocation. Those remaining in jobs frequently have the Damoclean sword of relocation held above their heads to ensure low expectations.

It appears inevitable therefore that demand for housing, cars, white goods, holidays and such will remain flat in all the rich countries. New jobs that cannot be automated or replaced by foreign imports will need to be concentrated in infrastructural renewal and face-to-face caring.

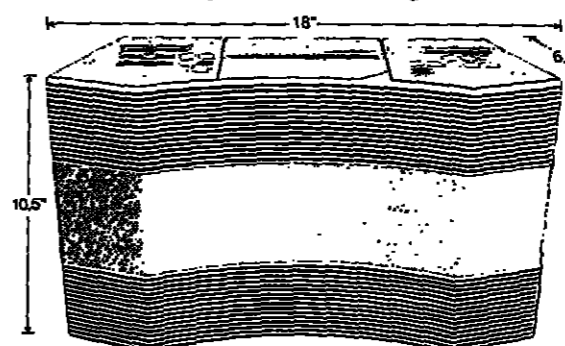
Both require substantial public money and hence taxation, as will Martin Wolf's idea of an adequate social wage to compensate those on low wages. Yet the imperative of globalisation is to reduce taxes.

Perhaps it is time that both he and Labour leader Tony Blair, instead of looking to a future of ever more debilitating international competitiveness, reconsidered the measures that enabled the original "Asian tigers" to build up their economies - some form of protectionism.

Colin Hines, Tim Lang, 11 Park House Gardens, East Twickenham, Middlesex TW1 2DF, UK

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Man in the News • Wataru Kubo

The dutiful fall guy

Gerard Baker on the sacrifice made by Japan's new finance minister

You'd better find someone who is prepared to die for you. This sobering advice came from one of Mr Ryuzo Hashimoto's closest colleagues last week as the new Japanese prime minister began his search for someone to fill the hot seat at the finance ministry in his new cabinet.

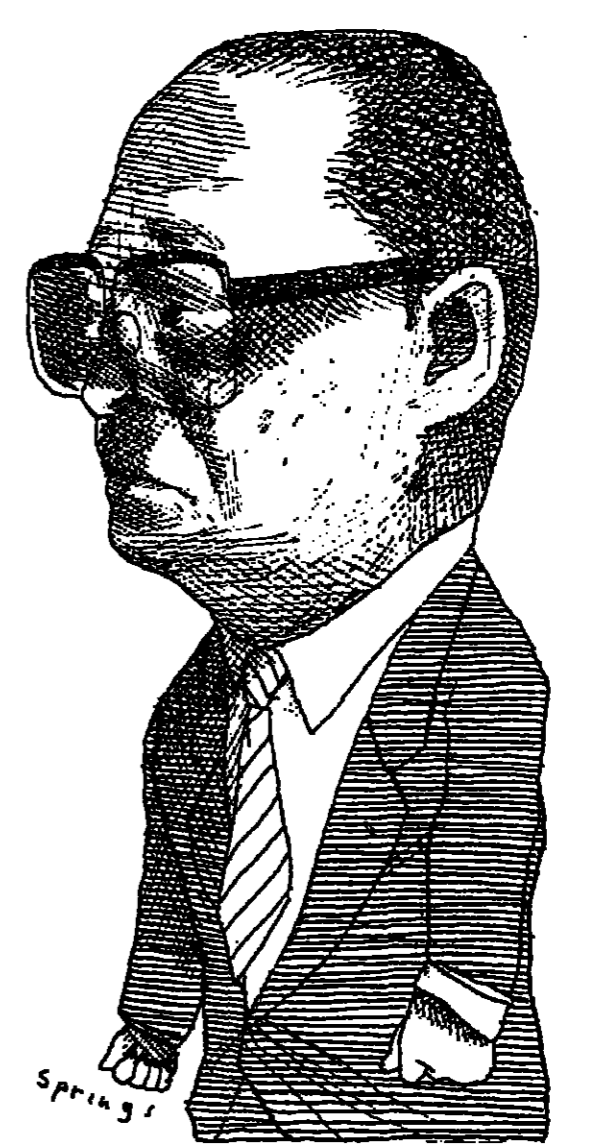
The warning was crisp and to the point. Within weeks the minister would have to steer through a truculent parliament one of the most contentious and unpopular measures ever dreamed up by a Japanese government. He would have the unenviable task of convincing the public and legislators of the wisdom of the government's decision, announced last month, to hand over at least 160 billion of public money to the country's bankrupt housing loan companies.

Mr Wataru Kubo, the man eventually chosen on Thursday, hardly answers to that description. A lifelong member of the Social Democratic party (formerly known as the Socialist party), he has never held government office.

The former schoolteacher entered the upper house of the Japanese parliament 20 years ago and worked his way through the party machine, becoming secretary-general in 1983. Even when the socialists joined the coalition government in June 1994 he stayed on the sidelines.

He got down to work yesterday he was anxious to demonstrate a grasp of the task ahead of him. He said he was well prepared for the job, skilfully deflecting questions on the range of his responsibilities.

ist party. To achieve that, he has long favoured an alignment with the opposition New Frontier party.

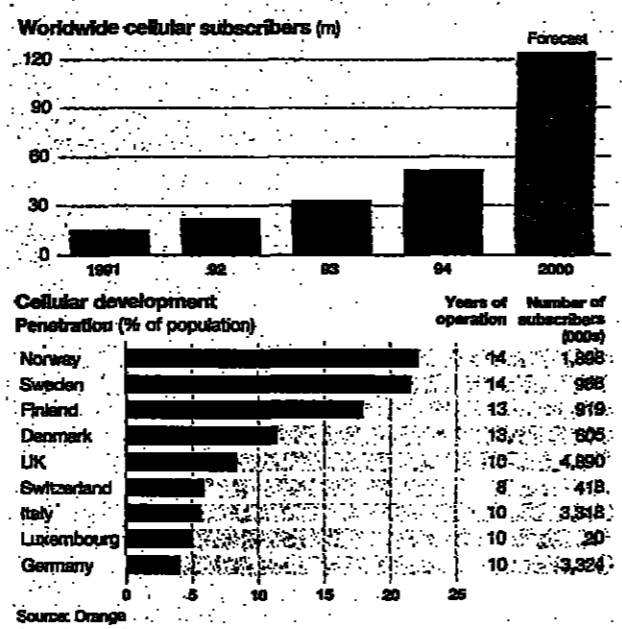


Is the future bright for Orange? This is the decision investors will have to make if Orange, the UK telecoms operator which has made mobile telephony and lifestyle synonymous, goes ahead with its flotation this year.

Orange pips its rivals with sparkling debut

Despite gloom in the mobile telephony sector, analysts expect the flotation to succeed, say Christopher Price and Alan Cane

An upwardly mobile market



Orange has also taken advantage of being able to sell directly to its customers from the outset. Vodafone and Cellnet, owned by British Telecom, owned by British Telecom, owned by British Telecom, owned by British Telecom...

pared with about 26 per cent for Vodafone and Mercury One-2-1 and 18 per cent for Cellnet. And its figures for December - it attracted 50,000 new subscribers, far in excess of market expectations - show it is continuing to gain market share.

New leaf turned over

Alice Rawsthorn explains the effects so far of the demise of the UK's net book agreement

Residents of the quiet Surrey town of Virginia Water will lose one of their oldest local shops this spring when The Bookshop closes after 30 years in business.



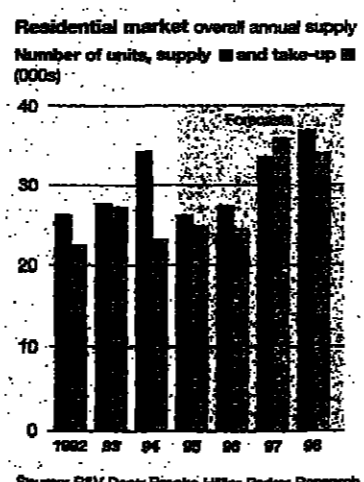
started selling the top 10 paperback and hardback titles at deeply discounted prices in 550 stores immediately after the agreement's collapse.

Louise Lucas reports on the colony's attempts to restore confidence in its housing market Home help for Hong Kong property

The sluggish property market in Hong Kong received a double boost in the last week of 1995: the main banks cut their mortgage rates by 0.25 percentage points and the government relaxed its restriction on pre-sales of uncompleted homes.

Whether the moves will be sufficient to reverse the downward trend of home prices remains to be seen. An upturn in prices was forecast by Hong Kong developers and stockbrokers through much of last year. However Hong Kong must tackle a range of concerns - including poor sentiment and a lack of confidence ahead of the June 1997 handover of sovereignty to China - before Hong Kong home and office prices can return to the heady levels of April 1994.

Hong Kong: hopes rise



encined in the aftermath of the Tiananmen Square massacre of June 1989, an annual rate of about 65,000.

tion by briefcase-wielding Hong Kong residents. Pang says this partly explains the popularity of Kingswood Villas, a mass residential development built by Cheung Kong, the developer controlled by property tycoon Li Ka-shing. A 500 sq ft flat in this New Territories development costs about HK\$1m (US\$130,000), modest by Hong Kong standards.

are moving their regional or country headquarters from Hong Kong to Beijing. Another fear is that when Beijing regains sovereignty of Hong Kong it will interfere with the low tax structure, which helps underpin the colony's usually thriving property market.

CURRENCIES AND MONEY

MARKETS REPORT

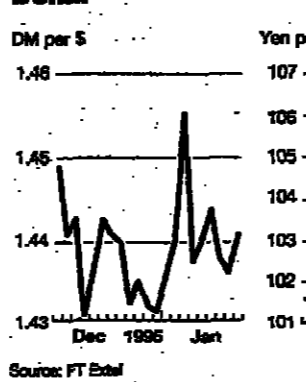
Dollar firmer

By Philip Hewitt

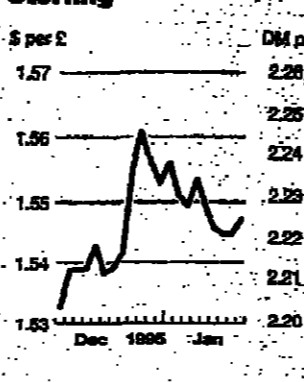
Foreign exchanges spent another fruitless day yesterday searching for a trend which remains elusive. The dollar rallied overnight during Asian trading, bolstered by some optimistic comments from President Clinton about the US budget process...

Plata against the D-Mark, its strongest level in more than a year, before easing to close at Plata 12. The pound rallied to close firmer against the D-Mark, at DM2 2289, from DM2 2197. It was little changed against the dollar at \$1.5472.

Dollar



Sterling



D-Mark



remains the most favoured safe, while the most favoured purchases were the peseta and lira versus the yen. These results confirm that "convergence trades" in favour of high-yielding European currencies (where interest rates are expected to fall towards those of the stronger currency - the D-Mark or Swiss franc in the case of Europe) remain in fashion.

He noted that in previous years, for example, the lira's response to the resignation announcement from the prime minister, Mr Lamberto Dini, could have been expected to be much more violent. Some observers have likened the current trend to that seen early in 1994, when "convergence" trades were also the fashion. The difference then was that it was the Fed that was pumping cheap money into the system.

Investors also have more security at the moment: the yield spread on Italian ten year bonds, over German bunds, is currently around 450 basis points, compared to 250 basis points then.

Mr Marshall said the trend probably had some way to go yet, as people had underestimated the extent of the economic slowdown in Germany. The risks to it, which did not appear high, lay in the form of German raising interest rates, or the Bank of Japan turning off the taps of cheap liquidity.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for Jan 12, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, Six months rate, One year rate, Bank of England index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for Jan 12, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, Six months rate, One year rate, J.P. Morgan index.

CROSS RATES AND DERIVATIVES

Table for EXCHANGE CROSS RATES showing rates for various currencies like Belgium, Denmark, Germany, Italy, Ireland, Netherlands, Norway, Portugal, Spain, South Africa, Switzerland, UK, Canada, Japan, Korea, Taiwan, Thailand.

EMERALD CURRENCY UNIT RATES

Table showing currency unit rates for various currencies like Australia, Hong Kong, India, Israel, Japan, Malaysia, New Zealand, Philippines, Saudi Arabia, Singapore, South Africa, South Korea, Taiwan, Thailand.

BASE LENDING RATES

Table showing base lending rates for various banks like Adem & Company, Allied Trust Bank, AIB Bank, Bank of America, Bank of Canada, Bank of China, Bank of India, Bank of Japan, Bank of Korea, Bank of London, Bank of Mexico, Bank of New York, Bank of Paris, Bank of Rome, Bank of Scotland, Bank of Singapore, Bank of South Africa, Bank of Sweden, Bank of Switzerland, Bank of Taiwan, Bank of Thailand.

WORLD INTEREST RATES

Table for MONEY RATES showing interest rates for various countries like Belgium, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, UK, Japan.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies like Belgium, Denmark, D-Mark, Dutch Guilder, French Franc, Portuguese Escudo, Spanish Peseta, Swedish Krona, Swiss Franc, US Dollar, Yen.

THREE MONTH EURO CURRENCY FUTURES (LFFE) DM 1m points of 100%

Table showing futures data for three-month Euro currency contracts, including price, change, high, low, and open interest.

THREE MONTH EURO CURRENCY FUTURES (LFFE) \$1m points of 100%

Table showing futures data for three-month Euro currency contracts in dollars, including price, change, high, low, and open interest.

UK INTEREST RATES

Table showing UK interest rates for various terms like LONDON MONEY RATES, THREE MONTH STERLING FUTURES (LFFE) £500,000 points of 100%, and STEELING FUTURES (SMF) £25,000 per £.

BASE LENDING RATES

Table showing base lending rates for various banks like Adem & Company, Allied Trust Bank, AIB Bank, Bank of America, Bank of Canada, Bank of China, Bank of India, Bank of Japan, Bank of Korea, Bank of London, Bank of Mexico, Bank of New York, Bank of Paris, Bank of Rome, Bank of Scotland, Bank of Singapore, Bank of South Africa, Bank of Sweden, Bank of Switzerland, Bank of Taiwan, Bank of Thailand.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies like Belgium, Denmark, D-Mark, Dutch Guilder, French Franc, Portuguese Escudo, Spanish Peseta, Swedish Krona, Swiss Franc, US Dollar, Yen.

THREE MONTH STERLING FUTURES (LFFE) £500,000 points of 100%

Table showing futures data for three-month sterling contracts, including price, change, high, low, and open interest.

STEELING FUTURES (SMF) £25,000 per £

Table showing futures data for steeling contracts, including price, change, high, low, and open interest.

EURO CURRENCY INTEREST RATES

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FT Surveys

The Financial Times plans to publish a Survey on Franchising on Tuesday, March 12th. This survey will focus on areas such as research for potential franchisees, explores sources of funding available and highlights the specialist help available.

BASE LENDING RATES

Every day, we help thousands of people like Zoe fight cancer. Give people with cancer a fighting chance. Over 50p in every £1 donated goes directly into our vital research.

BASE LENDING RATES

Table showing base lending rates for various banks like Adem & Company, Allied Trust Bank, AIB Bank, Bank of America, Bank of Canada, Bank of China, Bank of India, Bank of Japan, Bank of Korea, Bank of London, Bank of Mexico, Bank of New York, Bank of Paris, Bank of Rome, Bank of Scotland, Bank of Singapore, Bank of South Africa, Bank of Sweden, Bank of Switzerland, Bank of Taiwan, Bank of Thailand.

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FT GUIDE TO WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Evening Markets page in Monday's edition.

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Main table containing unit trust prices, organized by fund manager and fund name. Includes columns for fund name, price, and other details.

Guide to pricing of Authorised Unit Trusts

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Main table containing various financial data, including fund names, prices, and performance metrics. It is organized into multiple columns and rows, with sub-sections for different types of funds and trusts.

PROPERTY UNIT TRUSTS

INSURANCES

OTHER UK UNIT TRUSTS

Handwritten note at the bottom center of the page: "صكنا من الاصل"

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Main table of financial data containing various fund names, prices, and performance metrics. Includes sub-sections like 'M & G Life and M & G Pensions - Contd.', 'Prudential Individual Life Funds - Contd.', and 'Scottish Amicable - Contd.'.

Money Market Bank Accounts

Table listing various bank accounts, interest rates, and services. Includes sub-sections like 'Money Market Bank Accounts', 'Management Services', and 'Money Market Trust Funds'.

Mikimoto advertisement featuring a diamond necklace and the text 'A HIGHLY DISTINGUISHED AND LEGENDARY DESIGNED PAIR OF COLOURED PEARLS BROOCHES SET IN 18CT. GOLD.'.



FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda SIB-recognized funds with columns for fund name, price, and change.

BERMUDA (REGULATED)**

Table listing Bermuda regulated funds with columns for fund name, price, and change.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey SIB-recognized funds with columns for fund name, price, and change.

GUERNSEY (REGULATED)**

Table listing Guernsey regulated funds with columns for fund name, price, and change.

ROYAL BANK OF CANADA (SIB RECOGNISED)

Table listing Royal Bank of Canada SIB-recognized funds with columns for fund name, price, and change.

GUERNSEY (REGULATED)**

Table listing Guernsey regulated funds with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing Ireland SIB-recognized funds with columns for fund name, price, and change.

IRELAND (REGULATED)**

Table listing Ireland regulated funds with columns for fund name, price, and change.

GAM FUND MANAGEMENT LTD - CANAD.

Table listing GAM Fund Management Ltd funds with columns for fund name, price, and change.

IRELAND (REGULATED)**

Table listing Ireland regulated funds with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing Ireland SIB-recognized funds with columns for fund name, price, and change.

IRELAND (REGULATED)**

Table listing Ireland regulated funds with columns for fund name, price, and change.

CFP INTERNET RISK ARBITRAGE FUND PLC

Table listing CFP Internet Risk Arbitrage Fund PLC funds with columns for fund name, price, and change.

IRELAND (REGULATED)**

Table listing Ireland regulated funds with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing Ireland SIB-recognized funds with columns for fund name, price, and change.

IRELAND (REGULATED)**

Table listing Ireland regulated funds with columns for fund name, price, and change.

ACHERSON GLOBAL FUNDS LTD (1209)

Table listing Acherson Global Funds Ltd funds with columns for fund name, price, and change.

ISLE OF MAN (REGULATED)**

Table listing Isle of Man regulated funds with columns for fund name, price, and change.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man SIB-recognized funds with columns for fund name, price, and change.

JERSEY (SIB RECOGNISED)

Table listing Jersey SIB-recognized funds with columns for fund name, price, and change.

JERSEY (REGULATED)**

Table listing Jersey regulated funds with columns for fund name, price, and change.

JERSEY (SIB RECOGNISED)

Table listing Jersey SIB-recognized funds with columns for fund name, price, and change.

JOHN COVELL MANAGEMENT (JERSEY) LTD

Table listing John Covell Management (Jersey) Ltd funds with columns for fund name, price, and change.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg SIB-recognized funds with columns for fund name, price, and change.

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DRAPERBANK ASSET MANAGERS SA (S)

Table listing Draperbank Asset Managers SA funds with columns for fund name, price, and change.

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Table listing Luxembourg regulated funds with columns for fund name, price, and change.

LUXEMBOURG (SIB RECOGNISED)

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MILLARD (SIB RECOGNISED)

Table listing Millard SIB-recognized funds with columns for fund name, price, and change.

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Main table containing fund names, prices, and performance data. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES
Please note that the prices shown are for the units of the fund and not the shares of the fund. The prices are shown in pence per share.

صكنا من الاجل

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jan 12 / US\$)

47 (in \$ mil)

Table of stock market data for North America, including various indices and individual stock prices.

EUROPE

AMSTERDAM (Jan 12 / Gld)

100 (in 100 Gld)

Table of stock market data for Europe, including various indices and individual stock prices.

ASIA

TOKYO (Jan 12 / Yen)

100 (in 100 Yen)

Table of stock market data for Asia, including various indices and individual stock prices.

AUSTRALIA

SYDNEY (Jan 12 / Aus\$)

100 (in 100 Aus\$)

Table of stock market data for Australia, including various indices and individual stock prices.

AFRICA

JOHANNESBURG (Jan 12 / Rand)

100 (in 100 Rand)

Table of stock market data for Africa, including various indices and individual stock prices.

Advertisement for Rockwell Goss presses, highlighting their color printing capacity and global reach.

INDICES

Table of various stock indices and their performance metrics.

US INDICES

Table of US stock indices and their performance metrics.

SOUTH AFRICA

Table of South African stock indices and their performance metrics.

ASIA

Table of Asian stock indices and their performance metrics.

AFRICA

Table of African stock indices and their performance metrics.

INDEX FUTURES

Table of index futures contracts and their prices.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York and their trading activity.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York and their trading activity.

ASIA

Table of active stocks in Asia and their trading activity.

AFRICA

Table of active stocks in Africa and their trading activity.

Handwritten note in Arabic script: 'سكنا من الاصل' (We bought from the original).

WORLD STOCK MARKETS

AMERICA

Rollercoaster ride leaves Dow lower

Wall Street

US shares looked by early afternoon as though they would end a volatile week on a downturn as bonds weakened, writes Lisa Branstetter in New York.

Volume on the NYSE came to 228m shares. Bonds rose in early trading after the Federal Reserve Bank of Philadelphia said that its index of business activity fell to minus 19.9 in December...

had cut his fourth quarter earnings estimate on the computer maker by 6 cents to 72 cents a share.

Barney to raise his 1996 earnings estimate. Canada Toronto backed down from a firm opening to trade lower in mid-session. The TSE-300 Composite index was 16.68 lower by noon at 4,764.55...

MEXICO CITY retreated in early trading, dragged down by weakness in Telecom. The IPC index was off 55.70 or 1.8 per cent at 2,941.57 in volume of 8.4m shares.

Latin America The situation in both SAO PAULO and BUENOS AIRES was positive by late morning. The Bovespa and Merval indices were both up 1.1 per cent, gaining 522.98 at 48,010 and 6.08 at 538.56 respectively.

Domestic growth lifts upbeat Irish equities

John Murray Brown on Dublin's foreign investors

The Irish are more upbeat about the prospects for 1996 than any of their partners in the European Union, according to a poll this week by Eurobarometer carried out on behalf of the Commission.

owned US and other electronics and pharmaceutical companies, which account for 75 per cent of manufacturing exports, 55 per cent of manufacturing output and 45 per cent of manufacturing employment.

mortgage lending is rising on the back of the buoyant housing market. Private sector loans have also expanded sharply, underwriting the retail boom and faster car sales.

EUROPE

Big turnover as Frankfurt registers new high

A better dollar for most of the day, and hopes for lower interest rates, took FRANKFURT into new high ground, the Dax index closing 22.91 higher at an all-time high of 2,553.89, 1.7 per cent higher on the week.

had not altered significantly, although there was some evidence for a slowdown in business growth in Holland and Belgium. Paribas attributed the fall to profit-taking, and noted that since the beginning of September the stock had risen by almost 30 per cent.

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FT-SE Actuaries Share Indices

Table with columns: Index, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00. Rows: FT-SE Europe 100, FT-SE Europe 200, FT-SE Europe 300.

stage of Repsol's privatisation did not come at the best time. Hedge fund selling sent oil prices lower for the fourth day in a row, and Repsol fell Pts35 to Pts3.990.

ASIA PACIFIC

Nikkei falters before weekend holiday

with 187 issues unchanged. The Nikkei 50 index in London rose 0.80 to 1,897.25. Mining stocks, which rose earlier in the week owing to higher gold prices, fell the most as profits were taken.

where, and the KJSE composite index rose 17.21 or 3.2 per cent to 559.99, up 2.3 per cent over five days.

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LONDON EQUITIES

LIFFE EQUITY OPTIONS

Table with columns: Option, Call, Put, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows: ASDA, Allied Domecq, Anglo Saxon, Anglo Irish, Anglo Mercantile, Anglo Overseas, Anglo Pacific, Anglo Retail, Anglo Services, Anglo Transport, Anglo Utilities, Anglo Wholesale.

RISERS AND FALLS

Table with columns: Rise, Fall, Rise, Fall. Rows: British Funds, Other Fixed Interest, Mineral Extraction, General Manufacturers, Consumer Goods, Services, Utilities, Financials, Investment Trusts, Others.

FT/S&P ACTUARIES WORLD INDICES

Table with columns: Index, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00. Rows: Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, USA.

FT GOLD MINES INDEX

Table with columns: Index, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00. Rows: Gold Mines Index, Africa, Asia, Europe, Latin America, Middle East, Oceania, South America.

LesEchos advertisement with logo and text: The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity...

LONDON STOCK EXCHANGE Dealings

Details of business done show below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

British Funds, etc

Treasury 10 1/2% SA 2000/05 (1584) Exchange 10 1/2% SA 2005 - 21024 (10488)

Corporation and County Stocks

London County 2 1/2% Cons Stk 1990/09 after - 127 (10488) Birmingham District Council 11 1/4% Red Stk 2012 - 12124 (10488)

UK Public Bonds

Metropolitan Water Metropolitan Water 3 1/4 A SA 2002/02 - 2747 (10488)

Foreign Stocks, Bonds, etc

Albany National Treasury Bonds PLC 6% Gtd Nov 1998/01/05/10/15/20/25/30 (10488)

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British Funds, etc Treasury 10 1/2% SA 2000/05 (1584) Exchange 10 1/2% SA 2005 - 21024 (10488)

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Unless help is given, soil is exhausted very quickly by "slash and burn" farming methods.

New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot.

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world.

The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.

WWF World Wide Fund For Nature (formerly World Wildlife Fund)

International Secretariat, 1196 Gland, Switzerland.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

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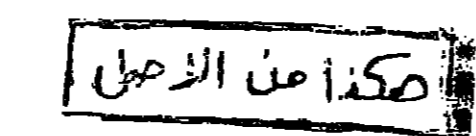
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LONDON STOCK EXCHANGE

MARKET REPORT

Equities suffer from another bout of nerves

By Steve Thompson, UK Stock Market Editor

Another volatile opening by Wall Street put a sizeable dent in an earlier rise in an always fragile UK equity market.

Ever-present worries about the US budget deficit wrangle, plus persistent suggestions that international funds may be in the process of reducing weightings in the US and shifting money into the far east and continental Europe, were said to have had an increasing impact on markets.

Wall Street initially moved sharply higher, with the Dow Jones Industrial Average posting an early

rise of over 20 points but then falling sharply to show a 40-point fall an hour after London closes.

Other European equity markets, such as Frankfurt and Paris, delivered much more convincing performances than London, giving additional credence to the talk of switching across Euro-markets.

There was some support for UK equities from the gilt market

ticks higher, after being 12 ticks higher earlier in the session. The 20-year gilt ended 13 ticks to the good at the outset.

By the close of an erratic session, the FT-SE 100 index just managed to close in positive territory, settling a net 2.4 ahead at 3,657.3.

Over the week, which saw the Dow producing a two-day decline of 160 points as the budget deadlock

Traders, who have generally taken the view that London would outperform a falling Wall Street, became increasingly nervous yesterday, as the US market fell away.

"I think there is more downside in the Footsie this time, if Wall Street continues to lose ground, if the street loses 5,000 on the Dow then we could be in for a rough time. Meanwhile I think we'll test 3,600 on the Footsie, unless there are more rates cuts," said the head trader at one UK securities house.

He also said the market needed more takeover action before it could make any serious headway. There was some more bid speculation in the leaders. Asda, where rumours of

potential Continental bid activity have been circulating for many weeks, hit a near five-year high.

Other big winners in the FT-SE 100 included Enterprise Oil, which responded to news of an encouraging oil discovery in Italy, and British Gas where hopes of an early settlement of the long-term contract problem saw the shares outperform. Gas and BP, which rallied strongly after Thursday's sell-off, were responsible for all of the FT-SE 100's gain yesterday.

Turnover at 6 pm was a good 759.9m shares, well up to recent standards. Customer business on Thursday topped £2bn, for the first time since Christmas.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock Name, Vol. (000s), Closing Price, Daily % Change. Lists major stocks like Astra Group, Abbey National, Allied Domecq, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table with columns: Instrument, Vol., Open, High, Low, Close. Lists FT-SE 100 Index Futures and Options.

Table with columns: Instrument, Vol., Open, High, Low, Close. Lists FT-SE 100 Index Options.

Table with columns: Instrument, Vol., Open, High, Low, Close. Lists FT-SE 100 Index Options.

Contract hope lifts Gas

Prospects that British Gas may find a solution to its crippling 'take or pay' contracts plus a return of takeover rumours helped the shares rise 5 to 26 1/2 p.

The takeover talk is linked to BP, which gained 5 1/4 to 52 1/2 p with 10m shares traded, compared with 21m for Gas.

There was also a return of a seemingly wild but persistent rumour that BP might be interested in making an offer for Gas.

P&O declines

Shipping, transport and service industries group P&O reversed Thursday's gains, falling 13 to 47 1/2 p, as the market reacted to a profits downgrade from NatWest Securities.

The company has been seeing brokers this week and NatWest yesterday moved to downgrade profit estimates after a meeting with the company. It reduced expectations for the year to December 1995 by £15m to £205m, by £40m to £205m in the following year and by £50m to £200m for the channel tunnel.

Explaining the reduction, Mr Mark McVicar at the securities house said: 'some slowdown in world trade growth is putting pressure on both volumes and prices in container shipping. In ferries, volumes remain as expected but rates are a bit weaker due to competition from the channel tunnel.'

FT-SE Actuarial Share Indices

Table with columns: Index Name, Days, Jan 12, Jan 11, Jan 10, Jan 9, Year, Div, Net, PE, etc.

The UK Series

Table with columns: Index Name, Days, Jan 12, Jan 11, Jan 10, Jan 9, Year, Div, Net, PE, etc.

Hourly movements

Table with columns: Index Name, Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.10, High/Low.

FT-SE Actuarial 350 Industry baskets

Table with columns: Basket Name, Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.10, Close, Previous, Change.

The FT-SE 100, FT-SE Mid 250 and the FT-SE Actuarial Share Indices are compiled by the London Stock Exchange and the Faculty of Actuaries under a standard set of ground rules.

Hourly movements

Table with columns: Index Name, Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.10, High/Low.

FT-SE Actuarial 350 Industry baskets

Table with columns: Basket Name, Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.10, Close, Previous, Change.

The FT-SE 100, FT-SE Mid 250 and the FT-SE Actuarial Share Indices are compiled by the London Stock Exchange and the Faculty of Actuaries under a standard set of ground rules.

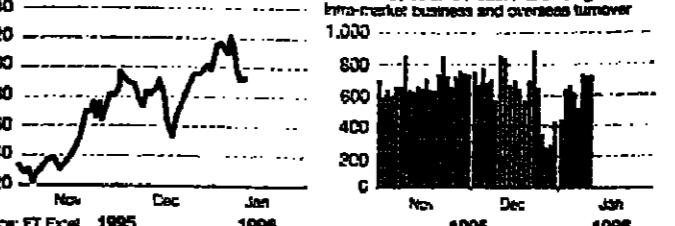
FT-SE 100, FT-SE Mid 250 and the FT-SE Actuarial Share Indices are compiled by the London Stock Exchange and the Faculty of Actuaries under a standard set of ground rules.

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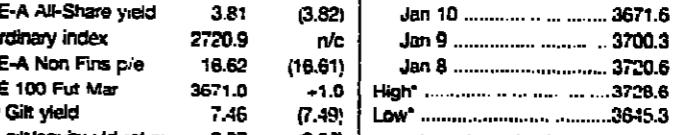
FT-SE 100, FT-SE Mid 250 and the FT-SE Actuarial Share Indices are compiled by the London Stock Exchange and the Faculty of Actuaries under a standard set of ground rules.

FT-SE-A All-Share Index



Source: FT Act 1995

Equity shares traded



Source: FT Act 1995

Indices and ratios

Table with columns: Index Name, Value, % Change. Lists FT-SE Mid 250, FT-SE 350, FT-SE-A All-Share, etc.

FT-SE 100 Index

Table with columns: Index Name, Value, % Change. Lists Closing index for Jan 12, Change over week, etc.

CHIEF PRICE CHANGES YESTERDAY

Table with columns: Company Name, Price, % Change. Lists BTG, Biffaward, Brunel Aggr, etc.

NEW 52 WEEK HIGHS AND LOWS

Table with columns: Company Name, High, Low. Lists Astra Group, Abbey National, Allied Domecq, etc.

Enterprise boost

Enterprise Oil, the exploration and production company, saw its share price move forward 13 to 32 1/2 p on news of an encouraging find.

With Italy's Agip, it has successfully tested the first horizontal well in the Monte Alpi oil field in the Southern Apennines area of Italy.

It expects the well - Monte Alpi-5 - to have a capacity of 8,000 barrels per day when connected to the permanent production facilities.

Agip has a 60 per cent stake and Enterprise Oil 40 per cent of the concession containing the major portion of Monte Alpi.

Oil major Shell Transport

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Oil major Shell Transport

European Postal Services

The Financial Times plans to publish a Survey on European Postal Services.

On Thursday, February 8.

if you would like to reach readers in 160 countries worldwide with an advertisement, contact: Kirsty Saunders

Polly Attwood

FT Surveys

Prices as at 4.30 pm 11 January 1996

Other classes of share as available. OPEX is a trading facility for share dealing in unquoted companies.

Prices as at 4.30 pm 11 January 1996

LONDON SHARE SERVICE

ENV TRUSTS SPLIT CAPITAL - Cont.

Table listing environmental trusts with columns for company name, share price, and other financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for company name, share price, and other financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for company name, share price, and other financial data.

PROPERTY - Cont.

Table listing property companies with columns for company name, share price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for company name, share price, and other financial data.

AM - Cont.

Table listing American companies with columns for company name, share price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company name, share price, and other financial data.

LIFE ASSURANCE

Table listing life assurance companies with columns for company name, share price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for company name, share price, and other financial data.

RETAILERS, FOOD

Table listing food retailers with columns for company name, share price, and other financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for company name, share price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, share price, and other financial data.

INVESTMENT COMPANIES

Table listing investment companies with columns for company name, share price, and other financial data.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for company name, share price, and other financial data.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for company name, share price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, share price, and other financial data.

TOBACCO

Table listing tobacco companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, share price, and other financial data.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for company name, share price, and other financial data.

OIL, INTEGRATED

Table listing integrated oil companies with columns for company name, share price, and other financial data.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies with columns for company name, share price, and other financial data.

PROPERTY

Table listing property companies with columns for company name, share price, and other financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for company name, share price, and other financial data.

SOUTH AFRICANS

Table listing South African companies with columns for company name, share price, and other financial data.

Advertisement for Sharelink, featuring the text 'Indebted. 0121 200 2242 SHARELINK Helping investors help themselves.' with a logo of a hand holding a pen.

OTHER FINANCIAL

Table listing other financial companies with columns for company name, share price, and other financial data.

AM

Table listing American companies with columns for company name, share price, and other financial data.

WATER

Table listing water companies with columns for company name, share price, and other financial data.

TRANSPORT

Table listing transport companies with columns for company name, share price, and other financial data.

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service, explaining the service and providing contact information.

FT Five Annual Reports Service

FT Five Annual Reports Service, detailing the service and how to access it.

FT Cityline

FT Cityline, providing information about the service and how to use it.

Handwritten text at the bottom of the page: 'مكتبة من الاصل'



US Republican hopefuls line up for first battle

The nine men who aspire to be Republican candidate for the US presidency were heading last night to the centre of the nation for the first big set-piece event of the 1996 campaign: a nationally televised debate.

They are going to Des Moines, Iowa, a city of straight clean streets and midwest rectitude, to woo 100,000 of the most important Republican voters. Those are the registered members of the Iowa Republican party who are set to turn out on February 12 for the state's party presidential caucus.

On that day, registered Republicans will gather in schools, public buildings and private homes to cast votes in straw polls which will do much to determine the course of the 1996 Republican campaign.

Iowans call it "winnowing": the process by which their state caucuses - traditionally the first in the nation - thin out the field of presidential contenders. Iowa will not be first this year: Louisiana has stolen that honour. But state Republicans have made sure that does not matter.

Patti Waldmeir reports from Iowa on start of race for White House

They have extracted promises from all but two contenders that they will not run in Louisiana, guaranteeing that the first real contest will take place in Iowa.

Mr Bob Dole, Senate majority leader, is far ahead in local polls, recording 41 per cent popular support according to the a sounding in December by the Des Moines Register.

In a distant second place is Mr Steve Forbes, the donnish, wealthy publisher of Forbes magazine, with 12 per cent. His proposal for a flat, 17 per cent rate of income tax has clearly caught public attention in a field distinguished by its mediocrity.

But public opinion is not caucus opinion: there are 2.8m people in Iowa but few have the commitment of caucus-goers.

Some of the most enthusiastic caucus-goers could turn out to support more radical candidates than Mr Dole and Mr Forbes. They might choose Mr Pat Buchanan, with his message of economic nationalism and social ultra-conservatism; economic conservative Senator Phil Gramm of Texas; former Governor Lamar Alexander of Tennessee; or black conservative Mr Alan Keyes.

Mr Dole is expected to come first in Iowa, not least because the caucus system rewards good organisation. The real race will be for second and third place on the principle that those who finish below third in Iowa will never make it to the national poll.

The battle for second begins today when eight almost indistinguishable candidates face the front-runner in a national debate. Mr Dole cannot win the debate, but he can certainly lose it. Each of the other eight, who also include Senator Richard Lugar of Indiana, Mr Robert Dornan of California and Michigan industrialist Mr Morry Taylor, will try to ensure he does just that.

Mr John Major attempted to bind his warring Conservative party together yesterday when he rebuffed Baroness Thatcher's stinging criticism of the "one nation" tradition of the Tory left.

In an effort to reassure left-wingers that he would not head Lady Thatcher's call for a move to the right, the UK prime minister said his party had been a one nation party "since the beginning of time".

Senior cabinet ministers, led by Mr Michael Heseltine, the deputy prime minister, also mounted a damage limitation exercise, insisting that Lady Thatcher's blunt speech was primarily an attack on Mr Tony Blair, leader of the Labour opposition.

But their words did nothing to stop another round of recriminations as pro-European Tories lined up to pour scorn on the former prime minister.

Lady Thatcher's assertion on Thursday night that "one nation" Conservatives were "no nation" Tories - because of their enthusiasm for Euro-federalism - drove a wedge through the heart of the party. Lord Howe, a former deputy prime minister to Lady Thatcher, said it was her deep hostility to Europe which led to her damaging dismissal of the one nation tradition.

"One nation Tories are no nation Tories" is a glib phrase and is an expensive one," he told BBC Radio. "For any Conservative leader to be capable of delivering that sentence is to represent a profound misunderstanding of the long-term purpose of the Tory party."

Mr Ray Whitney, chairman of the Positive European group of MPs, was even more personal, claiming that the former prime minister appeared "old and ill".

Many MPs felt Lady Thatcher's reaffirmation of her sceptical approach to Europe, calls for greater cuts in public spending and endorsement of senior right-wingers were preparing the battleground for a leadership contest after the next election.

Mr Major - reported by aides to be privately "livid" - said: "I will not be pushed off what I believe to be right."

Major tries to defuse Thatcher criticism

By George Parker, Political Staff, in London

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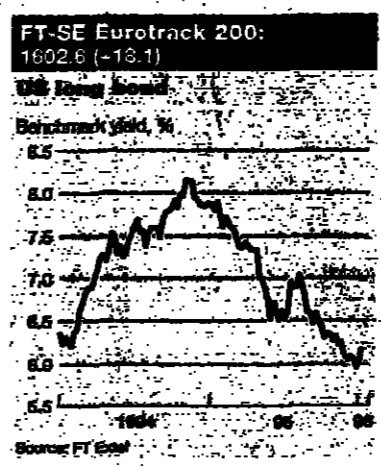
Democratic process

THE LEX COLUMN

From no-hoper to clear favourite, President Bill Clinton has once again justified his tag as "the Comeback Kid". His poll ratings may have slipped a little recently but he still looks odds-on to beat the likely Republican candidate, Senator Bob Dole, in this year's race for the White House.

That is not in itself bad news for US financial markets. Although they would traditionally prefer a Republican, Mr Clinton, like his rival, is a pragmatist rather than an ideologue. While he has outwitted the Republicans with his tactics over the budget row, he has in effect adopted much of their position, accepting the need for a balanced budget within seven years. Big cuts in the deficit, whatever the details, are what the markets want to see. The problem is that Mr Clinton's re-election is likely to coincide with a Republican victory in the Congressional elections. That would perpetuate the constitutional paralysis that has produced the stalemate over the budget and delayed earlier legislation such as the NAFTA free trade agreement.

But the markets have more serious worries than politics. After last year's strong run, bonds and equities are discounting aggressive interest rate cuts as the Federal Reserve tries to counter slower growth. But the belief that the Fed never raises interest rates in an election year is a myth. If the US economy picks up strongly in the second half, as most analysts expect, both equities and bonds could be unsettled by fears of tighter monetary policy.



spending growth does not appear over-ambitious, the extra money will not necessarily be spent in shops. Consumers may choose to splash out on holidays and restaurants, rather than clothes or furniture. This trend - which has already hit US retailers - may be linked to the concentration of wealth among the older part of the population.

Logically, a mild rebound and a less pronounced earnings cycle should favour the sector's blue-chip stocks, such as Marks and Spencer and GUS. In fact, M&S, although historically cheap at 20 times earnings, is expected to increase earnings at about the same pace as the market average. GUS looks a better bet: the coming management shake-up could release substantial value.

Building societies

The pressure on UK building societies to convert to banks is mounting. This week, Woolwich became the latest to announce plans to give up its mutual status; others, such as Alliance & Leicester, are expected to follow. The driving force is competition within the financial services industry. With little growth in their core markets, banks are trying to drive profits in other ways. One route is to sell other financial services - taking them further into building societies' traditional turf. Another is to cut costs by buying a rival, with societies the obvious target. Either way, the societies feel vulnerable.

Ironically, having accepted the need to go public, it may be harder for a society to turn away potential bidders. But if Woolwich makes it to conversion, the newly-formed bank, with greater access to capital, will have five years of bid protection to achieve critical mass.

Woolwich's policy of generating growth through acquisitions is the most sensible route. It may be difficult to buy anything before conversion, which would slow the process. But Woolwich is a well-run business, which makes it more expensive to buy and less attractive to cost-cutters. The estimated £2bn flotation represents a valuation of about two times book, and any bidder would have to pay a premium. Even the few that could afford it, such as HSBC, might think the price excessive. Woolwich has a good chance of survival. But middle-ranking societies, such as Bristol & West and Britannia, may find they are easy prey.

order-matching system for small trades combined with a "block-trading" facility. Block-trading involves market-makers negotiating special prices for large chunks of stock.

Such a facility already exists in the present market framework, so there is nothing radically new here. There are, however, tricky questions about how block-trading would interact with an order-matching system. Detailed matters such as when block trades should be reported to the wider market must be determined. Too much secrecy could favour market-makers over investors. Given that the exchange committee overseeing the consultation process is packed with market-makers, investors will need to keep their eyes skinned to ensure their interests are protected.

London Stock Exchange

In the immediate aftermath of Mr Michael Lawrence's dismissal as the Stock Exchange's chief executive, there were doubts whether his programme for reforming London's trading system would survive. Yesterday's consultation document suggests these fears were exaggerated. Even the market-makers who once vociferously opposed an abandonment of the current quote-driven system on the grounds that it would undercut their market power are relenting. Large investors have made it clear they want some form of computerised "order-matching" system. This would keep dealing costs down by cutting out the middleman.

The debate now is not whether London should adopt an order-matching approach but what form it should take. The current favourite, which looks like a good compromise, is an

UK retailers

Retailers may have enjoyed a Merry Christmas, but the new year is proving less happy. Two of the sector's star stocks, Next and Dixons, slipped this week because their Christmas sales performance turned out to be stronger rather than spectacular. Basket cases such as Sainsbury also performed poorly. All are still trading at a substantial premium to the market. Even though 1996 earnings growth is expected to outstrip the 8-10 per cent forecast for the market, this may be overdone.

Tax cuts and low interest rates should help boost spending this year, but not dramatically, given the broader economic picture of slow growth and low inflation. Disposable income is rising, but job insecurity appears to be here to stay. Even though 3 per cent real consumer

New Japanese premier snubs call for early general election

By William Dawkins in Tokyo

Mr Ryutaro Hashimoto, Japan's new prime minister, yesterday ignored calls for an early general election and said his government would concentrate on enacting this year's budget, resolving the banking system's problems, and economic recovery.

Mr Hashimoto promised "drastic change" to the political, bureaucratic and economic systems "which have sustained Japan for the past 50 years" without specifying what he had in mind.

With this important agenda, he felt justified in not calling an early general election, despite widespread media condemnation of the manner in which power was transferred to the conservative Mr Hashimoto after last week's resignation of the socialist Mr Tomichi Murayama.

The new leader was chosen by parliamentary vote on Thursday, in the third change of govern-

ment since the Liberal Democratic party, of which Mr Hashimoto is president, was thrown out of power in a general election in 1993.

The Nihon Keizai Shimbun, the leading economic daily, yesterday described the transition as "grotesque", while the Yomiuri Shimbun, the largest circulation daily, considered that only governments formed through general elections, unlike this one, were legitimate and strong.

Undeterred, Mr Hashimoto said he would seek public understanding of a highly unpopular proposal to spend at least ¥85bn (\$6.72bn) of public money on liquidating bankrupt housing loan companies. The use of public funds was "unavoidable" to restore confidence in the financial system.

Mr Seiichiro Kajiyama, who as chief cabinet secretary is the power behind Mr Hashimoto's throne, said the plan must be put through parliament quickly in

case it upset financial markets.

The new finance minister, Mr Wataru Kubo, a socialist, yesterday confirmed his support for the housing loan plan. But he reminded the LDP of his own party's other financial concerns by expressing hope that the government would not increase sales tax, now at 3 per cent, to more than the 5 per cent planned for April next year.

In other policy areas, Mr Hashimoto promised government as normal in his first day as leader.

He telephoned Mr Bill Clinton to assure the US president he would do his best to improve relations with the US and to say he would welcome Mr Clinton's visit to Japan in April. This will confirm the assumption in Washington that, despite Mr Hashimoto's toughness in trade disputes with the US, he remains loyal to their alliance, the basis of both sides' foreign policies.

Crown prince founders, Page 4
Editorial Comment, Page 8

Spain to cut Repsol holding

Continued from Page 1

this year from Repsol's gas and chemical operations. Its reduced margins from its refining unit and undermined the strength of the group's diversified business.

The sale will provide a welcome injection of funds for the government which has set itself an ambitious deficit-reducing target this year to meet European Monetary Union conver-

gence targets. Under a new privatisation law, the state will maintain an effective "golden share" in Repsol although its stake in the group will be reduced to 10 per cent.

According to current legislation, government approval will be required by Repsol should it wish to take important strategic decisions, such as those on the lines of British Petroleum's recently announced plan to reduce its refining capacity.

French insurance shake-up

Continued from Page 1

have become increasingly concerned about the cost of this distribution network, and are looking at cheaper methods, such as telephone sales or through alliances with banks. These factors have already helped cut the number of agents from 22,600 10 years ago.

Representatives of the French Federation of Insurance Companies and directors of several of

the largest groups are expected to hold a final meeting later this month with officials from the National Federation of the Unions of General Insurance Agents.

They are expected to approve widespread changes to the laws governing relations between the general agents and the insurers, which are still dictated by laws passed in 1949 and 1950.

The proposals include lifting nearly all legal constraints.

FT WEATHER GUIDE

Europe today

Depressions over the Atlantic will cause unsettled conditions in Norway, the British Isles and Portugal. The south-west coasts of Ireland and Norway will have gale force south to south-east winds with cloud and rain. Central Scandinavia will have snow. The north-western UK and Scotland will be partly cloudy with showers. High pressure over Russia will keep the continent mainly dry with sunny periods as well as fog patches. Some rain is expected in south-eastern France and the southern Alps. The Mediterranean will continue unsettled with showers in the Balearics, Corsica, Sardinia, Sicily and the Greek Isles. The south-east coast of Spain and Italy will be dry with sunny periods.

Five-day forecast

A strong high pressure area over Russia will move slowly towards the Baltic states bringing colder and dry conditions to most of the continent. The eastern part of the Mediterranean will continue unsettled. Depressions over the Atlantic will influence Portugal, Ireland and the western UK. It will be windy with a lot of rain, especially in Portugal, but conditions will become fair and settled after the weekend. Russia will remain calm and dry. Temperatures will gradually fall below freezing.

TODAY'S TEMPERATURES

Madrid	10	Beijing	far	4	Caracas	sun	30	Faro	showers	18	Madrid	far	9	Rangoon	sun	31	
Aizu Doshi	far	22	Belgrade	rain	9	Ceride	rain	10	Frankfurt	cloudy	18	Raykivok	showers	3		3	
Accra	cloudy	32	Berlin	cloudy	1	Chicago	showers	17	Gineva	cloudy	15	Manchester	showers	10	Pome	far	19
Algiers	showers	15	Bernada	rain	24	Cologne	cloudy	7	Oslo	showers	10	Maria	cloudy	30	St. Francisco	far	17
Amsterdam	far	10	Brno	cloudy	23	Dallas	far	26	Hamburg	far	4	Melbourne	sun	27	Saudi	sun	17
Athens	showers	11	Bombay	sun	31	Delfos	sun	22	Helsinki	snow	-2	Mexico City	sun	19	Singapore	cloudy	26
Atlanta	sun	11	Buenos Aires	far	9	Delhi	sun	21	Hong Kong	cloudy	21	Miami	sun	19	Stockholm	cloudy	3
B. Aires	cloudy	22	Shanghai	cloudy	9	Dubai	sun	22	Honolulu	cloudy	28	Milan	sun	17	Strasbourg	far	26
B. Horn	showers	10	Chengde	far	3	Dublin	sun	10	Island	far	29	Moscow	cloudy	7	Sydney	sun	12
Bangkok	far	33	Cairo	sun	19	Dubrovnik	far	14	Jakarta	cloudy	31	Montevideo	cloudy	11	Taipei	sun	17
Bombay	sun	34	Capetown	sun	27	Edinburgh	showers	10	Karachi	far	29	Nairobi	cloudy	17	Tokyo	sun	11
Buenos Aires	sun	15							Kuala Lumpur	sun	26	Naples	far	14	Toronto	far	12
Calcutta	sun	34							L. Angeles	sun	24	Nassau	sun	22	Vancouver	far	12
Las Palmas	sun	22							Los Angeles	sun	24	New York	sun	22	Venice	far	11
Lima	cloudy	29							London	sun	11	Nicosia	showers	14	Warsaw	cloudy	0
Luoyang	far	11							Lyons	far	11	Niagara	sun	0	Washington	far	6
London	sun	11							Luxembourg	far	11	Osaka	sun	19	Wellington	sun	19
Lyons	sun	11							Madrid	cloudy	10	Pech	sun	26	Winnipeg	sun	16
Manila	showers	20										Prague	cloudy	0	Zurich	hazy	4

Station at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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سكدا من الازحلي

Weekend FT

Getting to the truth behind the sale of arms to Iraq is a difficult task. Max Wilkinson considers new revelations

On March 22 1990, Chris Gumbley, who had just lost his job as chief executive of Astra, the former British arms company, caught a flight to Brussels to try to obtain a special kind of insurance.

He hoped that Gerald Bull, founder of the Space Research Corporation and inventor of Iraq's "supergun", could give him information so sensitive that the British police would be forced to call off investigations into him.

An hour after their meeting, Bull was dead, shot from behind with a 7.65mm silenced pistol.

Whatever Gumbley learned did him no good. The former army corporal with a liking for Rolls-Royces was arrested two weeks later, charged with bribing a civil servant and sentenced to nine months in prison.

A few days before Gumbley's arrest, Jonathan Moyle, a 28-year-old British journalist chasing a story of illegal British arms exports, was found hanging by his shirt from a clothes rail in a Santiago hotel.

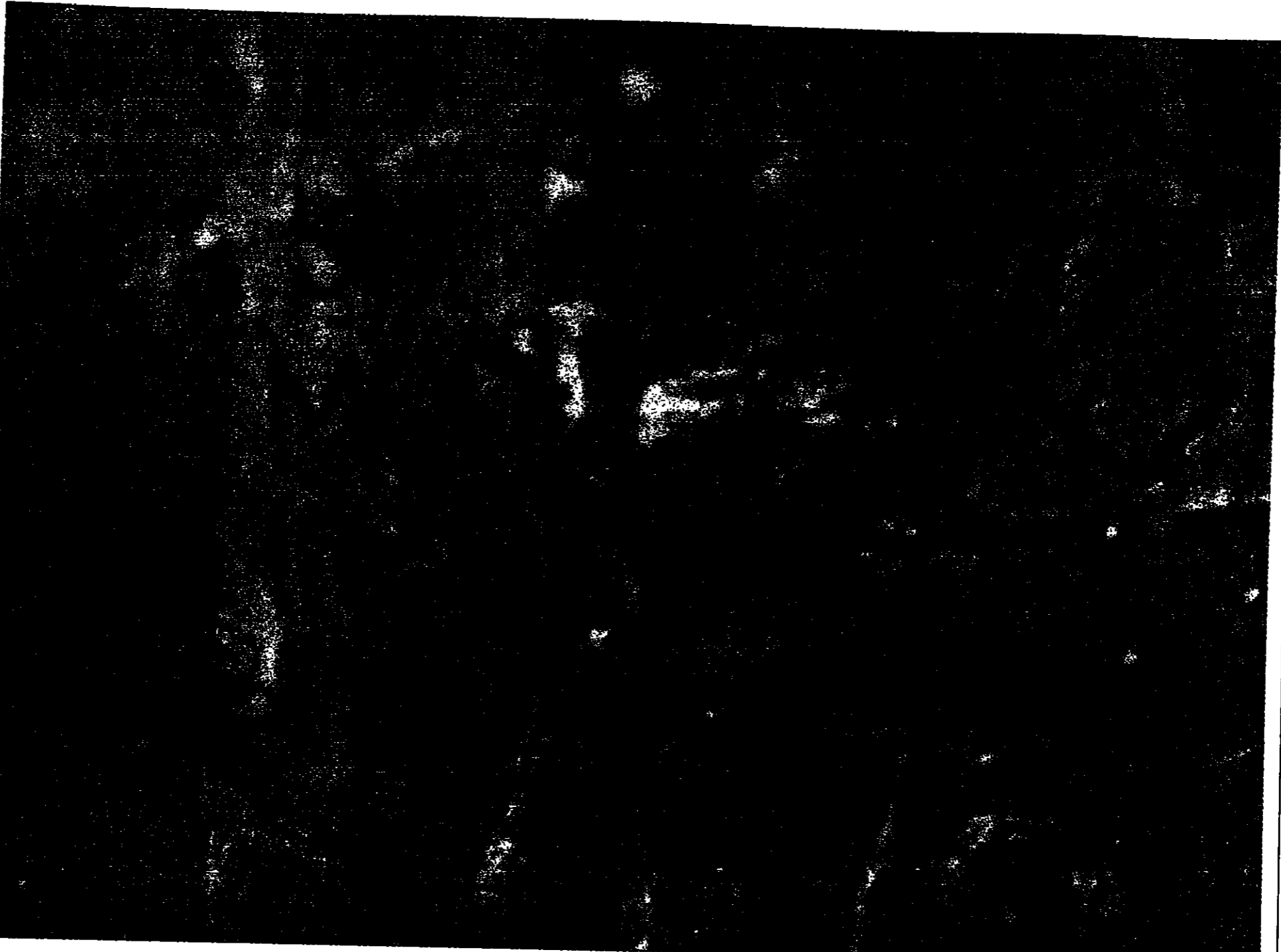
The thread which linked these events was the huge trade in illegal armaments from the US and the UK to Iraq during the 1980s encouraged by secret agents and tacitly accepted by at least some government officials. Attitudes reversed sharply, however, at the end of the decade when it became clear that Saddam Hussein, Iraq's dictator, was not the ally the west had hoped, and especially when the arms, which the west had so assiduously sold to Saddam, were used against British and American troops in the Gulf war.

Saddam was then trying to manufacture five of Bull's 1,000mm guns. These were to be capable of firing nuclear warheads or poison gas shells a distance of 700km. The gun barrel was being made by Sheffield Forgemasters - which was told that the tubes were for a refinery.

Gumbley knew the name of the Belgian company which was to supply the special explosive or "propellant" for this gun. He wanted Bull to confirm whether British undercover agents had helped to set up the illegal contract.

Because Bull was working for Iraq, the Israeli secret service was widely blamed for his murder. But a new book by Gerald James, former chairman of Astra, and close colleague of Gumbley, suggests quite another motive - that Bull knew too much.

A year later, the former deputy prime minister of Belgium, Andre Cools, was killed by five



Markings on a box of mortar bombs, photographed in an Iraqi gun position during the Gulf war, show an illegal export to Iraq from Royal Ordnance, then owned by the UK government. Picture taken by Christian James, son of Gerald, while serving in the Gulf as a soldier

Dead men don't testify

bullets as he opened his car door. Cools had been asked by the Belgian government to investigate the sale by Société Générale de Belgique (SGB) of its explosives manufacturing subsidiary, Foudrières Réunies de Belgique (FRB), to James' and Gumbley's company, Astra.

Now, FRB was the company supplying propellant for Saddam's supergun, as James and Gumbley discovered to their horror when they took control. They also found other illegal deals and that the profits they hoped for from their new subsidiary were evaporating.

They reported this to the British Ministry of Defence. James was repeatedly grilled by a secret services officer called Roger Holdness as to how much he knew about the supergun project. Then, to his

astonishment, James was told to make the first shipment of propellant.

However, someone, somewhere appears to have decided to intervene more directly. A month later, on December 5 1989, an explosion in PRB's Kaulille plant destroyed the press that was making propellant for the supergun. No one was hurt.

Sabotage? Connected with the murders? There simply is no evidence. James' claims of widespread corruption in the British arms industry, involving the secret services at all levels and officials helping companies to bend the export rules, has been sited by Lord Justice Scott for his Arms-for-Iraq report, expected in the next few weeks.

Some people dismiss James as an embittered man with a

grudge against the authorities. His book certainly shows him to be prone to conspiracy theories, absurd political ideas and over-generalisations.

But he also has an accountant's eye for detail, and, when speaking from direct experience, his evidence to the Parliamentary Trade and Industry Select Committee (which reported in March 1992) has generally proved robust.

And there were at least three murders: four, if he is right that Stephen Milligan's death in 1994 was not, as was generally believed, the result of a bizarre sexual practice. James thinks that the MP, who had worked for the Ministry of Defence, was killed after discovering too much about corruption in the arms industry.

Be that as it may, Jonathan Moyle was killed (also by

bizarre means) the day after interviewing Carlos Cardoen, the Chilean arms dealer, about the sale of 50 Bell helicopters to Iraq. Moyle thought these craft were to be fitted with Hellios electronic guidance systems, exported illegally from Britain.

James describes how two other Britons who were giving him sensitive information died suddenly. There is no evidence that either was murdered.

Even so, their stories are disturbing. Both relate to a period in which James was coming into increasing conflict with the arms establishment, controlled, he believed, by government agencies on both sides of the Atlantic. These shadowy forces had been especially kind to Astra at first when James and his colleagues bought a small firework company and

diversified into military explosives. In the early 1980s, as the Iran-Iraq war got under way, Astra was steered as if by an invisible hand.

As government business flowed in, Astra was deftly guided to acquire the US businesses which could make the goods. James says: "I couldn't understand why such a close interest was taken in us."

Later, he says he found there was a sinister price for this help; through its US subsidiaries, Astra was being used as a conduit for the illegal export of equipment, ostensibly to China but really to Iraq, with the approval of the US authorities. He became nervous, but decided to do whatever the authorities asked.

Something similar happened a year later when Astra bought BMarc, a former British subdi-

viary of Oerliken Buhrle of Switzerland. He made the purchase on the understanding from the MoD that Astra would be able to compete for British arms and ammunition orders. But after the deal, he discovered that the MoD had signed a secret agreement (EPREP) to give a five-year monopoly to

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Joe Rogaly

The White Tribe's sunset

Death. It is only nature's way of curbing a dominant species

Europeans are underbreeding themselves into extinction. Like other animals, humans are driven by the urge to reproduce their kind. Not all of them have their heart in it. The pale sub-species that has been predominant, and behaved so abominably, during the 19th and 20th centuries may be on its way out.

This is true of the great white tribe in all its nests and burrows, whether it has remained in its continent of origin and its offshore islands, or migrated to North America or Australia. (It is also true of some Asian tigers, but we'll come to them in a moment.) I guess you sort of knew that, but for doubters here is confirmation. Look at the data compiled by the World Bank, the latest presentation of which comes in its compact "Atlas" for 1995.

The column upon which to focus is headed "total fertility rate" (the number of children each woman is expected to hear if she has her babies when the age-specific birth rate tables say she will. The magic figure is two, or thereabouts, since the parents of

each child are thus exactly replaced.

Most European countries score less than two. Italy (1.3) and Spain (1.2) are among the least fecund. Clearly the Roman Catholic women of southern Europe praise the Pope and swallow the pill. Even Ireland (2.1) is barely above replacement rate. As to northern Europe, Germany is at 1.3, France 1.7, the UK 1.8. What, you ask, about the east? Russia comes in at 1.5, Poland 1.9, Hungary 1.7.

Canada is in the same league, but the US, which scores level with Ireland, needs some explanation. Its total fertility rate includes the explosive growth of some of its ethnic minority populations. In California "Anglos" will soon be one among many minority groups; in the 21st century the same may be true of the whole US.

There are, of course, complexities. In most of the countries I have mentioned the age at which women parturite is changing. In the UK, for example, they are now more likely to become mothers in their early 30s than their early 20s. This alters everything. When

Margaret Thatcher came to power in 1979 the birth rate for the 20 to 24 age group was half again as high as for 30 to 34-year olds. Europe's population may yet be preserved by a 30-something baby boom, may it not?

We shall believe that when we see it. Women are putting off having babies because they are going out to work. Many couples prefer to spend their earnings on goods and services, which they cannot do if their cash flow is used up by newly arrived little consumers. Not all feel this way: an earlier peak in births should produce a rise in the workload of British midwives this year. I shall not allow such an inconvenience to spoil my argument. Call it a blip.

To focus on the long run totals you must allow for the death rate. This clearly varies by country. In Britain deaths are not expected to exceed births for another quarter of a century. Thus the UK population is expected to rise from its present 58m to 62m in 2027, then fall steadily. The continental expectation is more dramatic. Within the coming century, one report suggests,

there may be hardly any Italians left.

This is not due to any quirk of national character. Human reproduction appears to be determined more by economics than nationality. Total fertility rates below replacement level are to be found in Japan (1.5 births per woman), south

Clearly, Gaia, the earth-mother, moves in mysterious ways

Korea and Singapore (both a mere 1.7). Clearly, Gaia, the earth-mother, moves in mysterious ways. The penalty for becoming an over-developed mega-industrialised state may be national extinction. I have until now believed that this would be the consequence of emission of noxious fumes and the killing effect of urban stress. Simple contraception may be quite as effective.

China is trying hard to join this race to self-destruction.

The World Bank records its projected births per woman at two, or just-replacement level. This has been forced on the population by a harsh anti-natal strategy, made particularly cruel by a rural tradition of female infanticide. The destruction of girls can now be "scientific" - by abortion, following sexing tests. The scenes on British television this week, showing Chinese babies left to die in orphanages, magnify the horror.

India also harbours girl-child murderers, but there the resemblance ends. It lacks the ruthless efficiency of its communist rival. Its total fertility rate is down, but only to 3.7 births per woman. In consequence, the sub-continent's population is still growing too rapidly, although not so fast as in Africa and some Middle Eastern countries.

It is the high fertility rates in these regions, plus parts of Latin America, that leads demographers to project a possible doubling of the present global population of 5.75bn by the year 2050. The total is even now growing at the rate of

100m a year.

We cannot easily comprehend the consequences of such an overrunning of our planet by poor people who want to get richer. Werner Fornos, president of the Population Institute in Washington DC, argues that the human need for resources degrades the environment. "Our forests are declining; topsoil is eroding; deserts are expanding; the planet is growing warmer; and the ozone layer... is thinning," he reminds us in a paper published between Christmas and New Year's day.

There is supposed to be a 20-year plan, led by the UN, to stabilise population growth, as set out in Cairo in September 1994. Guess how many of the 179 governments represented there are vigorously implementing the measures agreed then? Do not count on the US, where funding for the UN family planning association may be cut as part of the budget settlement between Congress and the White House. World Bank and UN programmes may help, but in reality the human animal is like any other. If a species becomes dominant, Nature destroys it.

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PERSPECTIVES

The Nature of Things

Skeleton – assemble thyself

Clive Cookson looks at ways in which scientists are imitating nature's building processes

Manufacturing has made progress during the 20th century mainly by machining man-made materials – metal alloys, semiconductors, plastics, composites and so on – into ever more complex structures, from silicon chips to medical implants, supercomputers to aero-engines.

The 21st century, however, is likely to see a return to nature, as materials scientists look for ways around the constraints imposed by conventional manufacturing, particularly its inability to make ultra-miniature devices.

The catch-phrase for the future will be "self assembly" – mimicking nature's way of organising molecular mixtures into intricate structures.

Recently, scientists have taken the first steps towards reproducing some of the most exquisite patterns in the natural world: the mineral skeletons or shells of marine micro-organisms.

These beautiful creatures – radi-

arians, diatoms, coccolithophores and others – come in various shapes, but typical is a delicate filigree pattern of holes and spikes constructed in the overall conformation of a hollow sphere.

Two research groups, one at Bath University in England and the other at the University of Toronto in Canada, have reported successful experiments. Both imitated nature's approach, in which organic molecules act as a microscopic template around which the mineral structure can form.

Stephen Mann and Dominic Walsh at Bath used a rather complex chemical procedure to make hollow shells of calcium carbonate,

about one micron (thousandth of a millimetre) across. Under a microscope their intricate crystalline structure is almost indistinguishable from the shell of a marine alga called thalassiosira.

Mann and Walsh crystallised their shells from an emulsion of tiny oil droplets in a supersaturated solution of calcium bicarbonate. But their procedure does not quite qualify as self-assembly, because they had to add microscopic polystyrene beads to the mixture. These provided the shells with a solid core, which they then dissolved away with a solvent.

Geoffrey Ozin and colleagues at Toronto have come closer to the

goal of self-assembly. Their aluminium phosphate spheres have surface patterns – arrays of discs, pores and bowls – that are uncannily similar to those on the silica skeletons of radiolaria.

Yet Philip Ball, associate editor of *Nature*, the journal that published the Toronto scientists' first paper in November, observes that their recipe could justifiably be called "bucket chemistry". They simply heated, dried and crystallised a mixture of inorganic and organic chemicals.

How do the patterns arise? Although the mechanism remains speculative, Ozin believes the mixture assembles itself into an over-

lapping array of tiny bubbles or vesicles, on to which the aluminium phosphate mineral is deposited.

By observing the formation of artificial shells and skeletons, the researchers will help biologists to understand better how their natural equivalents grow – and why they are so strong and durable. But the main reason for carrying out the research is to develop new materials for the future.

The range of practical applications is vast. In medicine, for example, it may be possible to grow apatite, the mineral of human bone, in a way that matches the strength and structure of real bone better than any of the bone substitutes

now on the market.

Alternatively the artificial shells, with their microscopic pores, could be developed into excellent "molecular sieves". They could filter extremely fine particles – even viruses or bacteria – out of water.

The first generation of Bath spheres would function better as fine sieves than their Toronto counterparts because their pores are more even in size. But both groups are still near the beginning of their investigations. They expect soon to learn how to control the size and shape of their creations.

Although the discoveries at Bath and Toronto have excited particular attention recently, many other

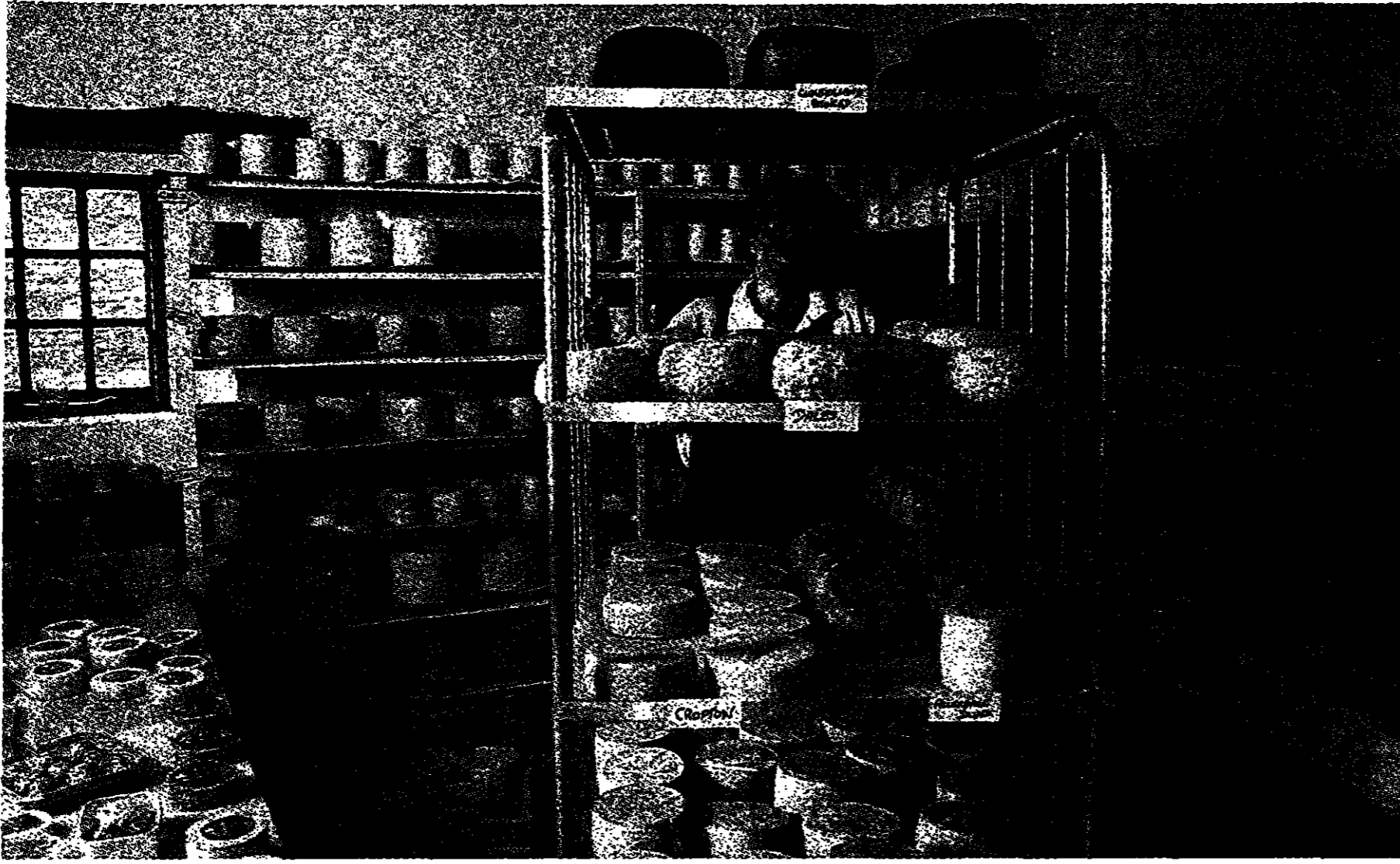
research teams are doing related work.

At one extreme are oil and chemical companies such as Mobil and Du Pont, whose scientists have pioneered the development of artificial minerals called zeolites. Their structures are riddled with tiny holes that are well suited to catalyse chemical reactions.

On the other hand, pharmaceutical researchers are keen on fatty spheres called liposomes which can carry drugs through the blood.

Potentially the most valuable applications of self-assembly are in microelectronics, where some of the techniques used to lay down nano-scale components or even finer circuits are reaching their technical and financial limits.

Instead of spending hundreds of millions of pounds on equipment for exotic procedures such as molecular beam epitaxy and X-ray lithography, chip manufacturers may eventually be able to grow semiconductors cheaply from self-assembling mixtures of chemicals.



Carolyn Fairbairn: 'When the van broke down and needed £1,000 worth of repairs, Midland bank was not too happy'

Eric Withers

Minding Your Own Business / Nicholas Lander

First, get your goat

Success for Carolyn Fairbairn started with the purchase of two goats. It led to a business as a cheesemaker and, last autumn, culminated in a success at the British Cheese Awards in London.

Eccentrically, Fairbairn attributes success as a cheesemaker to her training as a photographer in London in the early 1970s.

"A successful cheesemaker, like a professional photographer, needs to understand the same two principles: time and temperature," she says.

Fairbairn, who now runs her business from a former piggy in the grounds of Crofton Hall, near Thurstby, Cumbria, has never had a business plan.

When she and her husband, who works in financial services, moved into their home, a mile away from where the cheese is made today, all they were looking for was a cheap solution to an overgrown garden.

"My husband suggested a pair of goats and, as I'm a farmer's daughter, I couldn't say no. But goats are prolific breeders and before long I had a small herd."

She began selling the milk and yoghurt produced. "In the early 1980s goats' milk was seen as slightly cranky, often as a panacea and people bought it for all kinds of ailments. I even had one customer who wanted his money back saying it had not cured his wife's varicose veins.

"But milking goats seven days a week was not a way to make a

living. I needed to put 'self life' on to the milk but if I was to start a business it had to be from home so that I could carry on looking after our three children."

So Fairbairn taught herself how to make cheese. "Other than a little help in the early days from people who had been to college, I am entirely self-taught. But most of cheese-making is common sense. The hardest thing for me has been to overcome my own character deficiencies."

"I am not at all methodical or obsessed with cleanliness but you have to be both as a cheesemaker. If you are not methodical your cheeses vary and your customers drop you, while cleanliness and hygiene are the bases of cheesemaking."

She began to buy in milk from a herd of Shorthorn cattle and soon had a product range that included Allerdale, a Farmhouse Cumberland and Crofton, a blend of 60 per cent cows' and 40 per cent goats' milk. Turnover rose to £80,000 a year but this meant working seven days a week, often from 6am to 10pm.

"I was selling very cheaply, at £1.60 per lb, but it is hard to put prices up around here so I had to keep making more cheese as school fees kept on rising," she said.

The business, Fairbairn admits, has always been under-capitalised and, in spite of her husband's profession, the first loan proved a disaster. "I finally took out a fixed £1,500 Rural Development Grant

when interest rates were 17.5 per cent. They fell the next day but I was left paying the interest. After the move I took out a Redundant Building Grant for £7,500 but I'm sure it has not been worth all the paperwork. I now know that if I cannot afford to buy something for the business it's not worth having."

In 1993 her parents' death left Fairbairn a lump sum to invest. "I considered stopping. The children

The biggest problem, in spite of recognition, is how to increase sales

were grown up and at university, but I thought of all the effort I had put in. While I was operating from home the business had no value for a potential purchaser. And anyway I had my pension to think of."

With her solicitor, she secured the Piggy, paying £1,000 rent for the first five years, and putting £80,000 of her own money into renovating the building and equipment. The two rats for receiving and heating the milk cost £3,500 each; the refrigeration £5,000 and the floor, Fairbairn's pride and joy after her children and her cheeses, £14,000.

"The floor is made of Woolfs croft

tiles and has been laid so that it slopes towards the drains. It's a work of art."

She and Leonie, her younger daughter, drew the plans to save on architects' fees but, because of difficulties with the local council, got off to a shaky start.

She said: "One of the main difficulties facing British cheesemakers is making enough cheese for the peak pre-Christmas season yet ensuring there is not too much stock for January and February when no one seems to eat. We have to sell enough cheese in 10 months to survive 12."

In spite of a big loss in 1994 the business is now established, employing three full-time, two part-time and two girls on Saturdays. Turnover fluctuates between £3,000-£10,000 per month, with a hot August producing a record week of £20,000 in sales.

However, cash is still tight. "When the van broke down, and needed £1,000 worth of repairs, Midland bank was not too happy," Fairbairn said. The product range has expanded to include smoked cheeses and a new range of soft goat cheeses covered in chopped walnuts or garlic and poppy seeds.

The business's biggest problem, in spite of recognition and approval, is how to increase sales to £12,000 per month.

Fairbairn says: "Firstly, it's a question of local taste. Cumbrians have a particularly sweet tooth and it's difficult to persuade customers

to have cheese instead of pudding. "If this were France, where both cheese and dessert are part of a meal, it would be less of a problem. It's the same with the hotels."

"Our cheeses are served by Sharrow Bay and Miller Howe, both well known hotels, but it's difficult to get their waiting staff to suggest cheese rather than one of their pastry chef's creations."

"We've good distribution to cheese wholesalers around Great Britain but the constant refrain is that as the number of specialist cheese retailers has shrunk so has the available counter space. The increase in the number of farmhouse cheesemakers over the past decade means increasing competition for recognition."

"We have had some success with supermarkets, such as Booths in the north of England, but we're at the mercy of whoever is behind the counter and we tend to suffer because we're slightly more expensive than the bigger producers."

What Fairbairn dreams of is an increase in visitors to the dairy so that she can convert them to the pleasures of her cheeses. "One of the most exciting aspects of this profession is to hear someone say when they come in 'I don't like goats' cheese' or 'I only buy French cheeses' – and walk out with our cheeses under their arm."

Thornby Moor Dairy, Crofton Hall, Thurstby, Cumbria CA5 6QB. Tel and fax: 016973-4553. Mail order prices from £4.50 per lb plus p&p.

The peaks and troughs of holidays

Turnover of Yorkshire-based Drystone is climbing, reports Suzanne Askham

A walk through the English countryside seemed an obvious small business opportunity to German-born Astrid Nitzsche. So 15 months ago she set up Drystone Holidays, which offers walking tours through Yorkshire's hills and dales.

As yet, Drystone is barely profitable – turnover this year will be around £15,000. Nitzsche's business plan turned out to be wildly out when it came to targeting clients. But she believes the long-term potential is good because the market has scarcely been tapped.

"People are not used to the idea of buying a walking holiday in Britain," she explains. "So a lot of my effort has to go into establishing the concept and presenting it in a form that is attractive and reassuringly professional." Nitzsche has relevant experience. With an MA in European Studies, she worked for several holiday companies, including one which organises walking and cycling tours through France. Before that she also spent some time at Yorkshire TV, where she costed programmes, and thus budgetary constraints.

"All the time I was working for other people, I kept thinking, 'I should be doing this for myself,'" she says. So, in 1983, she began to research the possibilities, and began trading in August 1994.

Her start-up capital was £5,000. Of this, £1,500 was an interest-free loan from the Prince's Youth Trust, and £300 from the county council. The rest came from her savings. Her biggest single start-up expense, apart from basic office equipment, was the production of a glossy colour brochure with changeable inserts, which cost £2,000.

The outdoor nature of her work means that overheads are tiny. She runs the business from her home in Settle, and has no permanent staff. She does most of the guiding herself, extra guides, who have to hold a Mountain Leader's Certificate, are hired as required. She has also subcontracted a local taxi company to handle all luggage transfers.

Nitzsche ran into trouble almost from the start. Though she had run pilot tours, and had plenty of inquiries, she had few bookings. Turnover in her first six months was just £3,000, so she had to take a part-time job during the winter.

The problem was that her adverts in walking magazines and other British publications, were not reaching the right people. When Nitzsche asked those who had inquired why they had not booked, she was told that the prices were too high.

That was when she made her biggest mistake: she reduced her prices 100 per cent, giving Drystone just 35 per cent profit margin.

For 1995, she has raised her margin to a more realistic 35 per cent. A typical price for seven days' rambling in a small group over the Yorkshire Dales, staying in inns, hotels and guesthouses, is now £475 half board.

Nitzsche has also come up with new thematic tours – such as

through James Herriot country – designed to appeal to less experienced walkers and those from overseas.

The overseas market looks likely to be crucial. In 1995, 70 per cent of her clients came from abroad; she expects a similar percentage this season.

Overseas customers present two clear advantages. First, they are more amenable to the idea of paying for an organised walking holiday in this country. Second, Nitzsche does not generally do the selling herself; she has agents who take a 10 per cent commission.

Nitzsche had been keen to build export sales from the start, but she did not have the funds. She approached the British Tourist Authority, and discovered it was a wonderful source of free help.

The European development officer for the Yorkshire and Humberside Tourist Board in particular had useful contacts. These included a wholesale travel company with

Overseas clients are more amenable to the idea of paying for an organised walking holiday

5,000 travel agents in Germany, all of whom now represent Drystone.

Other clients come from the Netherlands, Australia and America. "I want to develop the American market more. There seems to be so much potential there. But unless you have an agent acting for you in the country, I think few people actually book." She plans to liaise with her local Tourist Board's American development officer in order to find suitable agents.

During 1994, another opportunity presented itself. "I had been trying to make contact with other regional companies; I thought we should be able to collaborate to expand the whole market by sharing our client databases." She received a proposition from a self-guided walking company based in Shropshire, which was owned by the local council. Nitzsche now runs that company for the council.

Nitzsche predicts a turnover of £21,000 in 1995, and continued modest growth after that. "I'm cautiously optimistic; you never know what setbacks and opportunities are going to come along despite your most detailed forecasts."

Drystone Holidays, 1A Town Head Avenue, Settle, North Yorkshire BD24 9RQ. Tel/fax: 01759-825266

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Continued from Page 1

Royal Ordnance (a subsidiary of British Aerospace). James was given details of this top secret agreement by a man called Lionel Jones at Royal Ordnance. Jones told him about covert deals in which another arms manufacturer had been forging Astra's name to make illegal exports.

Jones also talked to the journalist David Helliier, even giving him a lift to Gumbly's trial in March 1991. On the journey, Jones complained of a boil on the back of his neck.

A day later he was in a coma from which he did not recover. The doctor said that Jones, who was diabetic, had been careless with his insulin dose. James believes otherwise. At the least, this shows the extraordinary atmosphere in which he was then working.

At the time he got to know Jones,

James began to suspect that secret and illegal orders were going through BMarc with the complicity of at least some officials and to the detriment of the company.

He started making spot checks on the company's Faldingworth site. There he found an underground bunker full of ammunition with Argentine markings, not shown in the books. Then in another store he found tons of Muiden Chemie propellant, "enough to obliterate the whole Russian army" and "quite inexplicable in relation to the order position of the company". He also suspected that "wastage" from BMarc's Grantham works was really for some other purpose. So he sent in an engineer called Frank Percival to investigate.

But Percival's investigations were ended in mid-1989 – by his sudden death. James says: "We had no inkling of any health problems. Of course, these things happen, but I remember being more than a little curious. Frank was an experienced man and had been digging deep. His death removed an important light on the dark areas in BMarc."

Whether or not these were overheated imaginations produced by long hours and financial anxiety, James's fate was now sealed. He had taken on forces which were too powerful for him. As BMarc's profits failed to meet the hopes of Astra and its creditors, doors which once opened so easily began to close.

In a desperate attempt to get into Europe, he bought the Belgian

explosives company – this soon led to disaster, and the departure of James and his colleagues from the Astra board.

The single survivor was Stephan Adolph Kock, a former Rhodesian SAS officer, who had close links with the security services. He is widely credited with fixing up the arms side of Margaret Thatcher's Pergau dam deal in Malaysia. James appointed Kock as a part-time director of Astra because of his knowledge of the arms trade and wide contacts. James became alarmed after, as he claims, Kock told him in an argument that he would have him killed.

Kock seems to have had his own fears, for he carried an automatic pistol. At about this time, he drew

this weapon on two motorists stranded on a lonely road near his house in Scotland. He shouted at them and fired two rounds above their heads. Soon afterwards he engineered a board coup against James and fellow directors.

James still believes that the secret services conspired to destroy the company and so silence him and Gumbly. But there is no doubt that the management made serious errors, as a Board of Trade inquiry (invited in by Kock) confirmed.

This would now be a forgotten tale of just another failed company were it not for the vicious and self-defeating attack which the British authorities launched against other companies at the time of Astra's decline.

By August 1990, when Iraq invaded Kuwait, the police and customs officers had visited five British companies alleged to have broken the law by supplying arms-related equipment to Iraq. Those arrested included six executives from Sheffield Forgemasters, three from Walter Somers, three from Ordnance Technology and, most famously, three from Matrix Churchill.

The Ordnance executives pleaded guilty after government ministers signed Public Interest Immunity certificates, preventing the defendants from calling evidence from official sources.

In Britain, they may not shoot people, but they have ways of making them silent. This weapon, however, blew up under the feet of gov-

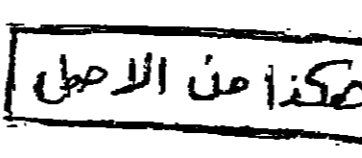
ernment. The court threw out gagging orders in the Matrix Churchill trial, releasing a flood of highly embarrassing evidence.

The prosecution collapsed amid public outrage. This was calmed only temporarily by the establishment of the Scott inquiry in November 1992. As the scandal rumbles on, perhaps Scott will show whether or not James has an over-vivid imagination.

But there is one thing James did not imagine: the scandalous refusal for five years by the Department of Trade and the Ministry of Defence to let him see Astra board minutes and other papers he needed for his defence – until Scott intervened.

Nor did he imagine several burglaries at his home, by skilled operatives looking for documents.

In the Public Interest, by Gerald James, Little, Brown and Company, £12.99, 328 pages



PERSPECTIVES



'A Trace of Red Lipstick': the western movie showing at this Moscow film theatre

Truth of the Matter
Tip-toe through the treetops

Whenever I watch the television news, I have to struggle against an instinct so deeply ingrained in my middle-class soul that it is possibly genetic. This is the rising of hackles at the sight of unwashed protesters attempting to disrupt the building of a by-pass around Newbury. It takes me a moment to conquer the adrenalin-rush of prejudice. Yet only last week I spent a pleasurable day with them.

True, their hair is as crusted as the fleece of a sheep, making my fingers itch for some clippers. But there is something appealingly fantastical about the roots they have built for themselves in the treetops.

Like the court in Shakespeare's *As You Like It*, they have escaped from ordered society into Nature. Life in this Forest of Arden has its charm.

Having lived here for months, the protesters have become at one with their surroundings. They like to wear feathers, adopt soubriquets such as Magpie and announce themselves by hooting like owls.

Not all of them, though, are steeped in rural lore. Steve, my guide for the day, waxed lyrical about the nightjars - then admitted he did not know what one looked like.

Brought up in Wokingham, Berkshire, Steve was up in his tree house throughout all the harsh weather. Now, the problem is mud.

They scurry into their tree houses at the first sign of tension, seeming as gentle as squirrels

There is mud everywhere. Spring cleaning a tree house can be no joke. But of course no one bothers. Structures on the ground are called benders, presumably because their frames are made of bent twigs. They could be mistaken for large compost heaps.

Peering into a communal bender revealed an interior so fetid it could have combusted spontaneously. The base of foul mattresses was scattered with dishes encrusted with food. But they can be cosy, these habitations. The object of Steve's trip into Newbury had been to collect an old oil drum, which could be converted into a wood-burning stove. Nearly all the tree houses and benders now have them.

Beside the Lambourn, a sparkling brook, it is difficult to think the protesters are not playing at *Swallows and Amazons*. This copse is as idyllic a place as you could imagine. But it is *Swallows and Amazons* with a twist. They do not take their water from the gin-clear stream because they are worried about its containing sheep dip. Instead, they trudge for miles, carrying jerry cans, to a farmhouse. We spy a large trout scudding between the shadows, but it does not convince them that the water is pure. They prefer to nurture a hatred of "them" - the environmental enemy.

The protesters live by their myths. Many are pagans. They are not much interested in other people's views.

Unlike the animal rights lobby, however, they have no financial resources. Nor are they thugs. Scurrying into their tree houses at the first sign of tension, they seem as gentle as the squirrels whose habitat they share.

At Pixie Camp (yes, that is what they call it), a pretty girl offered me a cup of tea, just as her mother might have done if the vicar had called. The tea never appeared, but I appreciated the offer. We passed another girl on the way to Kennet Camps swinging a hamster cage. It was empty, the occupant - a rat - being up her sleeve.

Close to the protesters may not seem so frightening, but they are determined. Those tree houses are a long way up, and the strands of rope that link them none too secure. Heaven knows what their tunnels are like.

These days, the cause of the countryside forms strange alliances. While I was attempting, unsuccessfully, to clamber into a treehouse, the Vane and Craven Hunt could be heard crossing a meadow next to the wood. One day, society will have to rethink its attitude towards the motor car. The protesters do not have all the answers, but I have half a mind to join them myself. If only someone would do the washing up.

Clive Aslet

Clive Aslet is editor of *Country Life*

But how will it play in Podolsk?

Russian film makers now have to worry about entertaining an audience - and they don't know how. Lori Cidylo reports

In the west, films have always been a form of entertainment. In Russia, they satisfied a thirst for truth.

During the first flush of *glasnost*, going to the cinema was like curling up in bed with a forbidden novel. A few stolen hours offered a glimpse of truth in a world of lies.

For decades, the hideous secrets of the past were kept under lock and key inside the Kremlin. Access to the truth was a privilege bestowed on a small group of ageing party officials, along with luxurious dachas, travel abroad, good medical care and special shops that sold better quality imported food.

When the gates were suddenly opened, film-makers played the role they had always dreamed of playing: that of political truth-teller and moral authority. Once hailed as silent heroes for cleverly inserting notes of irony cloaked in socialist realist rhetoric into their films, they could now delight audiences with abandon.

People went to the cinema almost as though they were going to a temple in search of sacred truths. If there were no empty seats, film buffs sat on each other's laps rather than miss a showing.

Afterwards, they braved the snow and headed home, where they would drink tea and discuss all the great questions that the movie had answered and, more importantly, those that it had raised.

"I remember those times fondly," says Karen Shakhnazarov, one of

Russia's top directors, hailed as a leading taboo-smasher under Gorbachev. "The state gave you all the money you wanted and there was no censorship. It was paradise for an artist. I knew that that kind miracle could not last long."

The fervour and romance of the past are gone. Russian cinema, now on its way to becoming fully commercial, is in turmoil. So great is the disarray that sometimes even actors do not know when, or where, the movies they are starring in are playing.

Svetlana Grigoreva, a theatre actress who won her first movie role in *Don't Shoot the Passenger*, nearly missed her own cinematic debut. An American friend who found out by chance that it was playing at the Moscow Theatre, called Grigoreva to ask her if she would care to accompany him to a showing that evening. "But tell me," she said excitedly. "How did you manage to find out where it was playing?"

Once it was possible to buy a newspaper which contained all the film listings. Now, short of calling every cinema in town, it is virtually impossible to find out what is playing, let alone where or when. The reason? The state no longer has the money to subsidise the newspaper.

Beneath such irksome problems lurks a deeper crisis. With the fall of the old regime, the role of the film maker in Russian society has changed, probably for ever. Like literature, cinema has lost its exalted importance.

Many cinemas have closed. Those that remain often show second-rate western films. The thirst for truth has been slaked and the public hunger has shifted to entertainment.

Many Russian directors have no idea how to please the new audience. "Today we are supposed to make movies that are entertaining, but we don't know how to do it," says Ivan Dykhovichny, whose films have won prizes at the Cannes

film festival.

"When things first started to open up, everyone thought, 'OK, we will begin making commercial films now, but how can we?' That is like saying that we are going to start designing clothes better than the French - when we are still naked and barefoot. You cannot have a revolution in one day."

While those who despised the regime are grateful that it collapsed, many have been surprised to discover that their chief nemesis

was their muse in disguise. The Soviet regime offered a seemingly bottomless treasure-trove of taboos that had only to be exhumed. Having plundered the past, many directors find themselves bereft.

"Communism was a powerful myth," says Shakhnazarov. "Opposing it was a kind of goal. It lit a fire deep within. What we are experiencing today is, first of all, a spiritual crisis. Any forbidden subject is no longer interesting. Today we must create art, but, for that, you need ideas and we, as it turned out, have no ideas."

"If you came to Moscow from Paris and saw a Russian movie, you would understand almost nothing about Russia as it is today," says Shakhnazarov. "Our films are always reaching into the past. They do not say anything about people's lives now. We must get back to the eternal themes, to man and his world. There is so much unhappiness in our country that we should be exploring."

Such philosophical musings are now tempered by financial pressures.

As Vladimir Motil directs the camera crew on the set of his latest film, *Carried Away by Horses*, his financial manager rushes in with a letter from the Russian company that was to pay half his operational costs.

"This is a catastrophe," Motil says, clutching the letter. "The money is being delayed indefinitely. That means that we cannot pay the actors or the rent on this studio."

"Under the Communists, my biggest headache was how to express myself in such a way that the censors would not catch on," he continues. "I felt this pressure daily. It was a kind of vice on my soul. But this system freed me from the financial worries I have now."

"Before, I didn't care how much a film cost to make or if there were delays in shooting. The Communists even forgave you if you went over budget. Now we are breaking our backs to find money so that everything does not collapse."

Money also influences what directors produce. For the first time, directors must ask themselves if a film will attract audiences.

However, those who came of age under Soviet censorship - and are accustomed to regarding themselves as the conscience of the nation - find the idea of having to make movies with popular appeal degrading. They feel unclean and cheapened by the need to bend to the will of a mass market. "Before, we had ideological prostitution and now we have commercial prostitution," says Motil.

Many subscribe to the notion that a film that pleases too large an audience must be bad. Judges at a recent film festival rejected a film that received the most enthusiastic reception from the audience.

But there is hope. Some predict that the new rough and tumble world of market realities will lead to a process of natural selection which will, ultimately, improve the quality of Russian movies.

Dispatches / William Barnes

Warlord of the Golden Triangle

The world's most dangerous man did not have a happy Christmas - a Thai visitor found the opium warlord unusually depressed a fortnight ago. Khun Sa has always been willing to show off his narcotics fiefdom, near Thailand's northern borders, for the benefit of journalists or curious westerners.

But no one could entice him from his jungle villa on Christmas eve - and now we know why: he had already decided to "surrender" to his bitter enemy, the Burmese military junta.

Surrounded by hostile Burmese army troops, and with his back to a border shut by the Thais, he must have been contemplating the end of three decades of international notoriety, power and wealth.

The "game" - of being a Shan nationalist - was up for the 62-year-old leader when hundreds of Burmese soldiers were invited into his Houtung base, 25km from the Thai border over the new year.

Khun Sa's empire is thought to have controlled up to half of the opium exports from the region where Burma, Laos, Thailand and

China meet - the Golden Triangle - the area that supplies 60 per cent of the heroin in New York.

The man who always claimed to prefer the simple life now appears set to "retire" somewhere in northern Burma. However, he and the Burmese authorities have yet to work out how to package this arrangement for the outside world.

We may not have heard the last of Khun Sa for, if the Machiavellian politics of the Golden Triangle teaches us anything, it is that the combination of brutal opportunism and fabulous narcotics profits produces unpredictable results.

Khun Sa was born and known half his life as Chan Chi-fu. He was tough, half-Chinese, half-Shan and never went to school. He lived on his wits and muscle. Predictably, in the 1960s, he became involved in opium.

The Shan countryside by then had been devastated by the marauding Chinese nationalist troops who had been pushed out of China and who quickly came to dominate the rapidly growing heroin trade.

After Burma's 1961 coup, the eccentric dictator Ne Win knocked

the heart out of the country's legitimate economy with his disastrous programme "the Burmese Way to Socialism". Then, as now, ridding the country of its thriving narcotics business was low on Rangoon's list of priorities: Chan Chi-fu's band of ruffians became part of the government militia and fought Shan nationalists in exchange for being allowed to carry on trading opium and heroin.

Chan Chi-fu became so confident that by 1967 he could announce that a massive opium caravan of "500 men and 300 mules" would not pay the Knomintang taxes that the nationalists demanded from opium traders passing through to Thailand.

There was the inevitable bloody battle on the banks of the Mekong river. Chan Chi-fu's forces probably suffered the most; although it appears the commander of the Royal Lao Army, General Ouane Ratikone, double-crossed both sides by stealing the mule-train's precious cargo for his own refineries.

The opium super-gangster's grip may have been loosened by this setback: two years later the Burmese

threw him into jail for "flirting" with some Shan nationalists (although he had only hoped to butter up the Thais).

It says something for the man that his fighters - who fled to the jungle after his arrest - eventually released him from jail by exchange.

Khun Sa quickly attracted a notoriety that overshadowed other players

ing him for two Russian doctors they had kidnapped. Chan Chi-fu's five years in jail prompted him to change tack and transform himself into a Shan nationalist - with a Shan name, Khun Sa.

It was a role he never seemed to tire of playing at every opportunity. Khun Sa's nationalist posturing was designed to humour the Thai authorities, which are ethnically

close to the Shan and like having them as a buffer against Communist and Burmese forces.

The big narcotics profits that followed south into Thailand influenced many officials too. Khun Sa's new headquarters were actually inside Thailand at Ban Hin Taek - until the Thais were embarrassed by US pressure into throwing him out in 1982. By publicly speaking about his "Shan nationalism" - and frequently offering to sell his opium business to western governments - Khun Sa quickly attracted a notoriety that overshadowed other important players in the Golden Triangle. These included corrupt officials, rivals and the shadowy Chinese traffickers who move much of the heroin to the west.

When the American justice department pointed the finger at Khun Sa in 1990, following the world's largest seizure of more than 1,000kg of heroin two years earlier, Attorney General Dick Thornburgh drew an interesting comparison.

He said: "If someone were interested in disabling Chrysler Corporation they would not begin by seizing one man... they would try to go

to Lee Iacocca [the head of the US carmaker Chrysler] and remove him."

Yet, as one western diplomat in Bangkok said, Khun Sa's removal "doesn't seem to end the impetus, desire, need or greed for growing opium."

Others, like the Wa hill tribe - fierce rivals of Khun Sa who produce the most raw opium - and numerous Chinese traffickers, will certainly try to take up any slack left by Khun Sa's Mong Tai Army.

Rangoon's generals appear unperturbed that allies such as the Wa should continue to supply the world with heroin: opium production has climbed from about 80 tons in 1948 to more than 2,000 tons this year.

The Burmese junta's priority is political control, not drug eradication or justice, which is why Khun Sa will probably remain at liberty in spite of the price on his head.

Lo Hsing-han, a wily Chinese drug baron, who once rivalled Khun Sa, also ran a government militia unit and served a spell in a Burmese jail. Now he is a big investor in the two Shangri-La hotels being built in Rangoon...

Want to see above ground.

TRAVEL

Andalusian fantasies: the old and the new

Paul Betts visits a retreat fit for the famous in unspoilt countryside

Rudolf Staab, a German engineer, had a dream. "Some people when they have made lots of money want to own a yacht; I wanted a hotel and I built this place."

The place is a 700-hectare estate in the heart of the Andalusian countryside. It is surrounded by rolling hills and unspoilt valleys of Mediterranean oaks, olive groves and almond tree orchards an hour's drive from the concrete ugliness of the Costa del Sol.

In the middle of this loveliness, Staab constructed not so much a hotel but recreated a Moorish village called "la Bobadilla".

It is a retreat fit for kings and King Juan Carlos of Spain has stayed here: so has Helmut Kohl, Willi Brandt, Malcolm Forbes, Tom Cruise and a whole gaggle of famous people in search of peace and privacy.

The hotel's 60 rooms and suites are huge, all different, all with highly original bathrooms, and all with bucolic views. It has its own church with an organ with 1,559 pipes. There are Moorish colonnades and water trickling everywhere from small fountains and little channels. The swimming pool is the size of a lake.

Like the great Alhambra palace in Granada, which inspired Staab's epicurean vision, everything is over the top. Even in the hotel's brochure, someone calling himself *el Principe* praises Staab for transforming water into music just as the Arab kings did five centuries ago in Granada.

But Staab's dream has turned sour. For the past few months the German engineer has been struggling to keep control of his 10-year-old creation. "La Bobadilla" has been embroiled in a financial saga of Byzantine complexity, putting its future in peril.

"My idea was not to make a profit," explained Staab over a late drink. "I built this because I always wanted to own a hotel and the idea was that it should pay for itself. But then I was

robbed," he said with the faintest of smiles.

I never got to the bottom of the whole story but Staab's new manager, a German woman called Heidi Warth, who joined "la Bobadilla" six months ago said she could one day write a best-seller.

"He was ahead of his time," she explained. "When he came here 10 years ago there was no electricity, no water and it was a 2½ to three-hour drive from the coast because there were no good roads. Now more and more people want to come to the mountains to escape the Costa."

The problems started when Staab's partner died a couple of years ago. "He thought everything was ticking over

The Alhambra is the show stopper. At this time of year on a sunny day it is magical

but that was far from the reality. He was simply being robbed without realising it."

Although neither Staab nor his assistant would go into details, it appears to have become one of those classic stories of the foreign investor getting caught in the intricate ways of local politics and business.

Staab is now racing against the clock to put together a rescue plan. The night I stayed he was talking to a potential German business partner. He is also thinking of building a world championship golf course on his extensive grounds which could change the character of the place.

Whatever happens, "la Bobadilla" remains an idyllic base from which to explore the three great cities of Andalusia and their extraordinary Moorish monuments.

The Alhambra in Granada,

the Mezquita of Cordoba, and the Alcázar in Seville are among the most exciting, sensual and romantic monuments in Europe. This trinity of Moorish architecture, like the Pyramids, the Roman Forum and Colosseum, the lost Inca city of Machu Picchu, or the Taj Mahal, is one of those areas one should try to visit at least once in a lifetime.

I had visited them once before, 30 years ago, when I was studying Spanish at the old university of Granada. In those 30 years, property developers and speculators appear to have done their best to destroy the approach to these three cities. But once you have driven through the ugly sprawl of the modern suburbs, the old city centres have lost little of their historic character especially in the winter months when most tourist coaches are hibernating.

From the top of the Giralda tower, by Seville's cathedral, the site of the 1992 world trade exhibition looked like a giant fun fair with an oil refinery in the middle. But right below, the roof tops of the old Santa Cruz quarter and the Alcázar with its wonderful gardens have retained all their Moorish charm and elegance.

The Mezquita at Cordoba was bustling with school children on a cultural outing. This is the Grand Central Station of Moorish architecture and all around the narrow streets, the old houses with their patios echo with the sounds of barking dogs, motor scooters, heated conversations about politics and bull fights in the *tapas* bars, and the snorts of the old carriage horses waiting for business outside the cathedral walls.

But the Alhambra is the show stopper. The Moorish kings of Granada sought to transform this castellated palace, the last outpost of Moslem Spain, into a terrestrial paradise.

At this time of year on a sunny day it is magical; on one side the snow capped moun-

tains of the Sierra Nevada; the old Moorish quarter of the Albaicin and the Sacromonte with its gypsy caves on the other; and the modern city below disappearing into the plains.

"Liquid architecture", my guide explained as we walked through the Court of the Myrtles with the reflection of the elegant structures of the building, its arches and marble columns, quivering in the clear water of the large rectangular pool, and then into the famous Court of Lions.

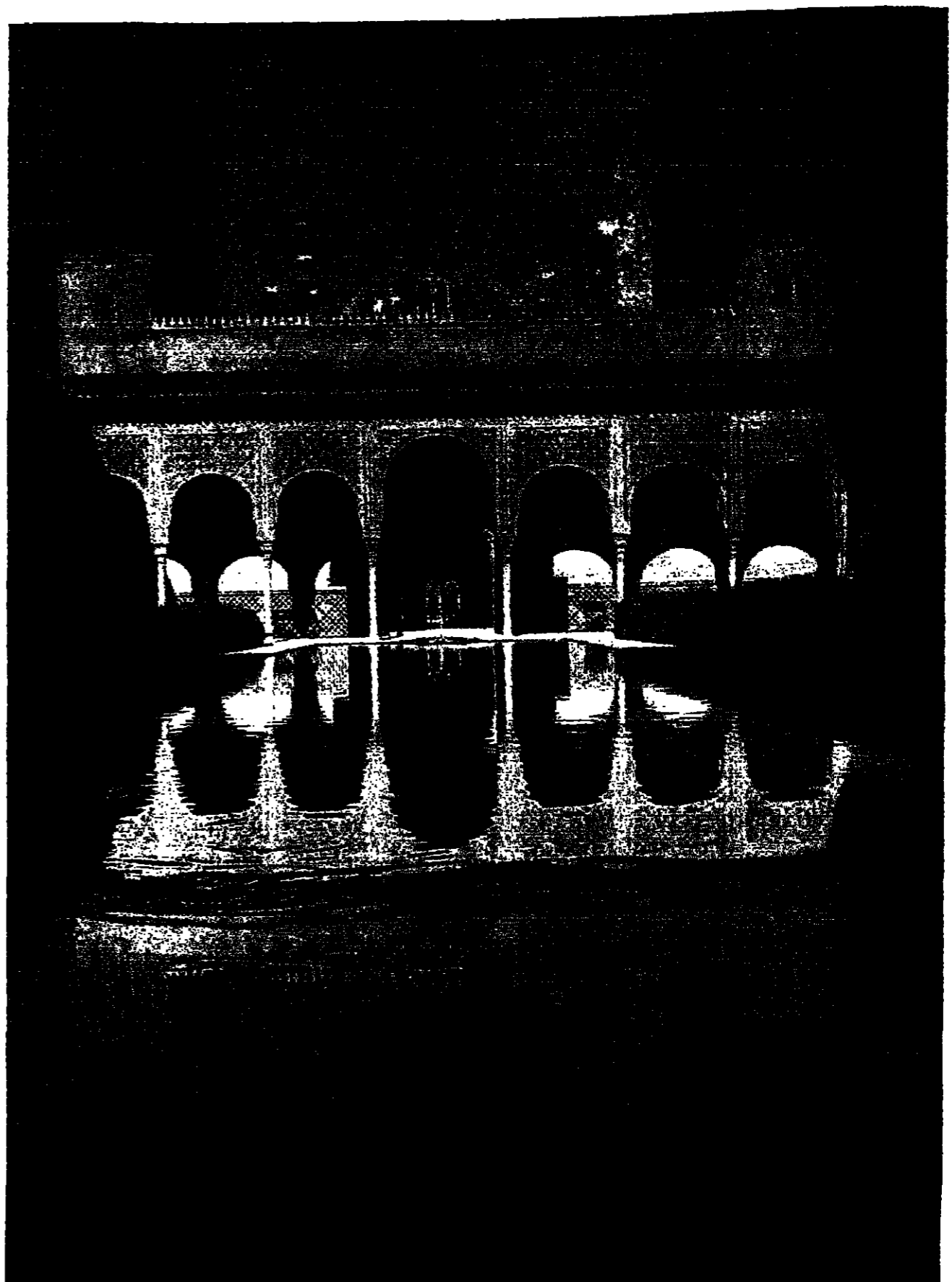
In the gardens, the winter sunlight played to the sound of the fountains and running water. The elderly guide, a Basque, quoted the poet Machado *agua oculta que llora* (concealed waters that cry) - a reference to the tragedy that befell the great Moorish civilisation of Granada.

But if anyone has contributed to the restoration of the Alhambra, it was an American diplomat and author. Washington Irving, the US ambassador in Madrid, came to Granada on an expedition with a Russian diplomat in 1829.

He stayed in the Alhambra itself, which at the time was being left to decay, and wrote a book - *Tales of the Alhambra*. The book, more than anything else, put the Alhambra back on the tourist map and forced the Spanish authorities to restore it. It is still the best and most evocative introduction to this extraordinary site.

Rudolf Staab is the latest foreigner to have been inspired by the vision of the Alhambra, building his modern utopia in the Andalusian hills. But he, like his predecessors in Eden, did not reckon on the worm in the apple.

Paul Betts was a guest of The Magic of Spain (tel: 0181-748 4220) which organises holidays to Andalusia including driving holidays featuring "La Bobadilla" with prices starting from £451 to include flights and car hire for two nights. British Airways has two flights a day to Malaga (01245-222111).



The Alhambra: Moorish kings of Granada sought to transform this castellated palace, the last outpost of Moslem Spain, into a terrestrial paradise

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HOW TO SPEND IT

How to be a contemporary patron of the arts

Forget the hallowed portals of stuffy galleries, says Lucia van der Post. The modern way to buy is much more informal

For the old-style art collector - the sort who had acres of manorial walls to fill and fat cheque-books to call on - the informal supermarket style of art market must come as quite a cultural shock. Where once there were hushed galleries the portals of which were only entered by the well-heeled, today there are vast international fairs where people wearing jeans are as frequently seen as those in pukka suits and

where pictures can be bought as easily for a few notes as for big cheques. The Contemporary Arts Society and the London Contemporary Art Fair led the way in showing that informal and easily accessible fairs staffed by unfussy enthusiasts could garner a new audience for art and more sales for the artists. If the atmosphere turned out to be more "cash-and-carry than Cork Street", as one of the organisers of the CAS once described it, who cared when

the result was fun, eyes were opened, and artists were enabled to carry on being artists. Galleries and artists were quick to see that taking the stiffness out of selling helped the bottom line. Today, many galleries have loosened up their ways - prices are more readily displayed, the old attitude of "if you have to ask the price you can't afford it" has given way to a greater desire to help the less well-off find works they can afford, and studios have open days which

allow would-be collectors to meet artists and see their work in a more friendly environment. Whereas once most of London's art galleries were centred round Cork Street, today the intelligent and adventurous buyer would be foolish to ignore the outer fringes - the Whitechapel and Flowers East in east London, the young entrepreneurial galleries around the Portobello Road, as well as other enterprising outlets all round the country.

A marvellous place for those who are interested in contemporary work is the London Contemporary Art Fair at the Business Design Centre in Islington from January 17-21. Under one roof can be seen the work of artists from 80 of Britain's leading galleries, from the avant garde White Cube (which represents Turner prize winner Damien Hirst and the short-listed Mona Hatoum) to the more establishment Gimpel Fils and the almost conservative Fine Arts Society.

There will be more than 10,000 works of art to choose from - from sculpture, painting and drawing to video and installation art. There should be something for all pockets with prices ranging from £75 to £50,000. There will be work by the already discovered and by the completely unknown. Even if you do not want to buy, it is a wonderful chance to see what is happening, to spot what young artists are up to and coming trends.

relatively modest ways from some of the galleries exhibiting at Art 96, tell us about their collections. Art 96 - The London Contemporary Art Fair is at the Business Design Centre, Upper Street, Islington, London N1 0QH. It opens at 11am and closes at 8.30pm next Wednesday, Thursday and Friday, at 6pm next Saturday and at 9pm on Sunday 21. Admission is £7.

Pictures: FT photographers, except Jilly Cooper (South West News)



Jeremy Isaacs, general director of the Royal Opera House

From my childhood I was bowled over by paintings and I used to buy little books on the subject. I remember as a teenager queuing round the block in the snow to view the great Matisse/Picasso exhibition in Glasgow and I used to go to galleries whenever I was abroad.



Jilly Cooper, writer

But it wasn't until I came to London and I realised that I would have walls of my own that I began to think in terms of buying art. The first thing I bought was, I think, an etching by Peter Peri for 2 guineas, which I saw in the house of a friend. Five years later when I was

leaving Rediffusion my colleagues were kind enough to give me a little sculpture by Peter Peri. When I came to London I was very intimidated by the Bond Street galleries and their beautifully groomed ladies polishing their nails. I like buying from people I know and forming relationships with artists and galleries. I know and like both Angela Flowers and her son Matthew at Flowers East. Then I buy from Graham Paton in London Fields and the Jason & Rhodes gallery. My late wife's cousin was married to a gifted artist, Leonard Marchant, and we bought quite a lot from

him. I've always had a huge admiration for the great Scots women artists and once, to my huge delight, I found some Ann Redpaths in a boutique above Turaham Green Station and I bought one of them for about £500 - I just wish I had bought more. Then I love the work of Joan Eardley who painted in the Glasgow slums and in Caterline where she strapped herself to her easel to paint great storms. After my first wife died and I sold the family house, I had some money to spare and I bought a huge Joan Eardley. After I moved to a large loft in

Bermondsey with Gillian, my second wife, we bought a wonderful abstract painting by Bert Irvin which resides above the kitchen sink and though we really lashed out (it was a four-figure sum) we have never regretted it. Now, whenever we have spare funds or a corner to spare we try and buy a work of art. We've been converting a cottage in Suffolk and after Gillian was made redundant by The Observer we decided to construct what we call the Tiny Rowland wing. It is a workshop and a picture room, 11 metres long by five metres wide with one glass wall which looks out on to the gar-

den, leaving the other three walls free for paintings. We collect figurative and abstract work - apart from the Gillian Ayres, we also have two bigish paintings by two young Scots, a stylised classical landscape by Renny Tait (above) and an extraordinary Slovenian landscape by Robert Mclaurin (who exhibits at the Jason & Rhodes gallery). Another pride and joy is a huge Alan Conk painting. And we have a strange painting by Rose Wylie. We have filled every wall and will have to stop for a bit. We don't buy really expensive pictures but those we have give us enormous pleasure.



Miriam Stoppard, businesswoman

I don't think of myself as a collector but I do buy art fairly regularly. A few years ago I decided that instead of putting money into my pension fund, I would buy works of art and have the pleasure now instead of waiting until I am 70. I have always had an interest in collecting - as a small girl it was postcards of the Impressionists; then later 18th century watercolours and I went on to Erté pictures and Laique glass. But it wasn't until I saw the sculpture of a friend of mine, Nicole Farhi, that I began to think in a more modern way. I wanted to know more so I joined Roger Bevan's Exhibition Circle and gradually I began to understand more modern work. But I didn't succumb easily - it took a good six months. I also struck a deal with a friend, Patrick Bode. I would take him to the opera, which he loves, and he would give me private tuition at

galleries. Then Judy Collins, Curator of Modern Art at the Tate, arranged for me to see the Bacon exhibition at the Venice Biennale. These friends helped break down a lot of my reservations. Now, the older I get, the more modern my tastes become - whether in music, opera, theatre or art. I want to know what people are doing now and want to be part of it. I never do research, or weigh up the investment potential - that's unimportant to me. My reaction is instinctive: I simply buy what affects me. On two occasions, I was surprised by how much I was affected. I went to Yorkshire to see an exhibition of Eduardo Paolozzi's work and when I saw it I had to sit down. I was so moved. Then when I first saw Tim Maguire's work at the Jason & Rhodes gallery I was so moved that my cheque book again came straight out. I've almost never spent more

than £3,000 on a picture. I buy people long before they are well known. For instance, I saw some of Philippa Sjöström's work at a friend's house and tracked her down and bought a huge painting - something like £6 by £8, for less than £2,000. I was Frances Blane's very first buyer. I have also bought three Callum Innes after I saw his work at a Royal Academy exhibition. I'm very taken by sculpture and have several little Paolozzi. The first piece I bought, though, was a little rolling horse by Elisabeth Frink and a very moving drawing that went with it. The main reason I buy art, though, is that it makes the room I'm in feel a better place. For instance, in my line of vision now is one of my favourite pieces - a small reclining figure by Frank Dobson (above) which I bought from Jason & Rhodes after I fell in love with his work.



Lynn Barber, journalist

I have always collected things in a small way - Victorian prints, some old watercolours and Baxter prints - what you might call Victorian house clutter, but David, my husband, and I always said that if ever we got any money we would buy paintings. David has done life-drawing all his life and has a very good eye. Early on, we bought some big charcoal drawings by his art teacher June Collins and a lot of prints from Chris Orr, who teaches print-making at the RCA. But it was not until I was working for Vanity Fair a few years ago that we suddenly had quite a lot of money and I could think about buying works of art seriously. I went to the Contemporary Art Fair and spotted a painting by Edmund Fairfax-Lucy that I thought might interest my husband but he came back and said that what really caught his eye was an amazing pair of paintings (above) by Gillian Ayres from the Purdy Hicks Gallery. I was staggered because I had never heard of her and he had never shown any interest in abstract art before. They were quite small but in incredibly vibrant colours with

some particularly vivid pink. We paid £7,000 for the pair and the funny thing is that I never felt the bottom one was as good as the top one. But when Gillian Ayres, who likes to know where her paintings have gone, came to see us she brought along another one which she said we could have as well so now we have three. She was wonderfully generous - not just in giving us another painting - but also with her knowledge and experience. She told us that we should go and look at work by other modern painters such as Patrick Heron, Howard Hodgkin and Roger Hilton; it has all been a terribly educative experience. I now feel I am beginning to understand abstract art at last. I love these paintings - they are the first thing you see as you come into the sitting-room. They are glamorous and give the whole room a lift. I get more pleasure from those pictures than anything else I own. I shall definitely be going to Art 96 this year - I'm now hooked. I spent the first 20 years of my married life collecting antiques - I now want to buy work by living artists.

For those who want to learn more about art here are two suggestions:
 ■ Christie's Education's new Modern Art Studies, Courses in History of Art from 1850 to the present at Edinburgh College. A term's lecture course costs £715 (plus VAT), a 1 year course costs £2,650. Tel: 0171-435 3680.
 ■ Exhibition Circle is run by Roger Bevan, who is the senior contemporary art correspondent of The Art Newspaper. The circle meets on Wednesday mornings and Roger Bevan takes the group to exhibitions, museums, galleries and artists' homes to conduct seminars on the works. There are also conducted trips abroad. £287.50 for a year. Tel: 0171-292 5462.

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FOOD AND DRINK

Wine

Buy more - but drink it very slowly

Jancis Robinson warns of the the perils of choosing the very varied whites of burgundy

My New Year resolution is to buy more white burgundy and drink it less quickly. Am I the only wine enthusiast to have a careful of red wine but a desperate shortage of whites of a similar calibre?

and the number of truly subtle Australian Chardonnays is increasing every year (Coldstream Hills Reserve, Cullens, Leeuwijn Estate, Moss Wood, Shaw & Smith Reserve and Stonier spring to mind).

With the exception of some Pulignys from Jean-Marc Boillot, few of the 1994s I tasted were seriously exciting, however. Although prices will certainly be hiked for the more concentrated 1995s, it may be worth waiting a year until the 1996s are offered as futures.

In the commoner reaches of Burgundy's strict aristocracy all is flux at the moment. An increasing proportion of Bourgogne Blanc, Macon, St Veran and Pouilly tastes early

reminiscent of new world wines. Ambient yeasts, warm fermentations and over-cautious additions of sulphur are exchanged for deliberately nurtured yeasts, cool fermentations, added acid and occasionally (surely?) added oak chips.

demand that a perfect wine should proclaim its origins and be the unmistakable product of its geographical roots. The first requirement of a wine is surely that it tastes good. Only once that requirement is met is it relevant to discuss demonstrable authenticity.

I was the bull that did it. Until then all this talk of mad cows had left me mildly tepid, if not cold. There was a disease with a comic name which sounded as if it had been invented by the writer Selk, and that had been hard to take too seriously.

I did not eat hamburgers, and was innocent of the taste of reconstructed or restructured flesh, bone and spunk. I felt no sympathy for those who did.

That beef sales were falling I put down to my old enemy "Wold Seth", that brilliant discoverer of Peter Simple in the Daily Telegraph newspaper, who had leapt out of his column to become one of the bugbears of modern life: the technological farmer who makes fat profits by cutting costs and corners and by endangering our health and his business in the process.

Seth was surely the inventor of the geometrical carcass. If anyone had struck on the idea of feeding cattle on minced-up dead sheep it had to be Seth.

I have to admit, however, that I was occasionally worried when I heard otherwise sensible men and women express doubts about the sagacity of eating red meat, beef in particular.

What is the world coming too, I thought, if true Britons siban le ros-bif? Would the French begin to turn up their noses at snails and frogs next? Were the Germans poised to give up sausages?



The real thing: David Lidgate, owner of C. Lidgate, the Notting Hill, London, butcher, is one of too few who sell Aberdeen Angus beef in prime condition

Meat / Giles MacDonogh

Why the image of British beef must be restored

"hobby cow" is no longer justifiable. Scotland is still ideal country for the Angus. The animal wants good grass, and that means the right soil and plenty of water. The cold must help too. The cow eats more and develops more subcutaneous fat which ends up as the marbling in the meat. It is this marbling which is the greatest quality factor when it comes to Angus beef: it makes the flesh sweet and succulent.

There has been a problem with the abattoirs. With profits down they no longer want to hang meat because this involves loss of weight. The result is acid, indigestible flesh. Macphie cited an old farmer that he knew: he insisted on hanging his beef for three full weeks. I mentioned a "traditional" beef put out by one of the supermarkets. He thought it would be three or four days old in the shops rather than the two weeks implied by the word "traditional". Not all the multiples were bad: he expressed a measured admiration for Marks and Spencer, which hangs its beef longer and buys in mostly Angus.

There was no doubt that the reputation of British beef had taken a bad tumble. I recalled the fact that not so long ago there were Michelin-starred restaurants on the continent which listed Angus beef among their culinary specialties. It seemed to me that the time had come for a quality seal for Aberdeen Angus from pedigree herds. Mac-

phie thought there was a lot of fraud, at least four times as many carcasses were sold as Angus than were actually the case. One local abattoir sold "Aberdeen" beef, which had managed to muddy the waters in an unhelpful way.

With the tarnished image of beef today we need nothing short of a campaign for real beef: complete with stickers and certificates for any butcher who is prepared to guarantee the breed, origin, health and proper hanging of the meat in his shop. My meeting with Royal was a revelation. I feel as if I have undergone a conversion. I have shaken off my lethargy. Now I am off to man the barricades.

The kitchen is a bit like the army. Officers stay in their regiments, cavalry, infantry, artillery, up to a certain rank. If they are any good they become colonels, and get hunted into a new domain which requires them to think a bit more about how the rest of the army works.

The Gordon Mill Hotel in the New Forest, had always been a pastry chef until he took over the kitchens of the hotel's Provence restaurant in October 1994.

before coming here, and sea bass with caviar (with a similar pedigree). The presentation is wonderful. Hill has brought with him all the perfectionism of his own branch of the kitchen. It shows in the desserts: a banana mousse with a mango, rice pudding (Hill brought this from the Manoir aux Quat' Saisons) or an astonishing "Cafe Miamite" complete with edible coffee cup.

lexis Soyer possessed great culinary skills and an extraordinary organisational ability. This book includes his best known recipes as well as instructions on how to cook for 1,000 men - should you eye for the main chance.

Book Review / Nicholas Lander A great culinary life Ireland during the 1840s and writing Shilling Cookery for the People in 1854.

country, at no charge. This appeared in the following morning's paper and was promptly accepted by the war office. Overnight Soyer drew the

missariat officer could decide who should request it. Soyer reorganised the army's cooking patterns and, utilising the newly invented electric telegraph, ordered from Chollet, in Paris, a pressed, dried vegetable which, when reconstituted, substituted for the fresh. Although hard bread was widely available it was useless for the majority of soldiers whose gums had been affected by scurvy. Soyer produced a bread-biscuit which would keep and was palatable.

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Giles MacDonogh cartoon titled 'THE GUIDELINE GIRARDIN' showing a man and a woman with a dog and a cat.

PROPERTY / MOTORING

Scenic - but beware of traffic noise

Gerald Cadogan looks at homes near the M40 corridor

Five years ago, when the M40 was at last made to stretch from London to Birmingham...

At first, traffic on the new route between the UK's first and second cities, via Oxford, Banbury and Warwick, was sparse...

Houses in the M40 'corridor' are seen as sensible and attractive places to live. From Banbury, in Oxfordshire, it is easy to get to Birmingham...

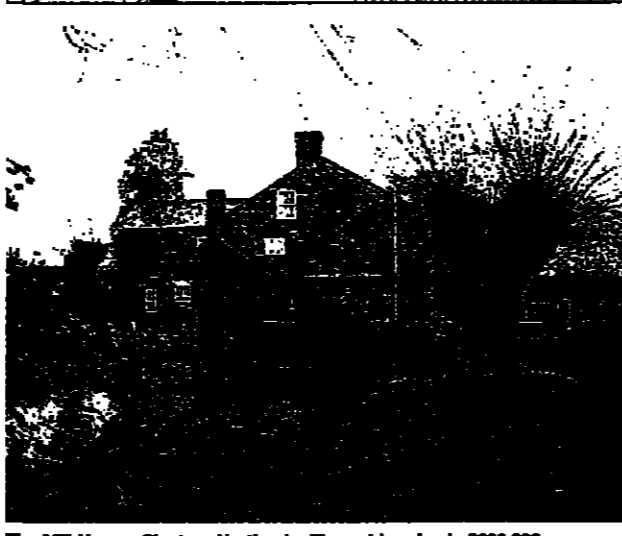
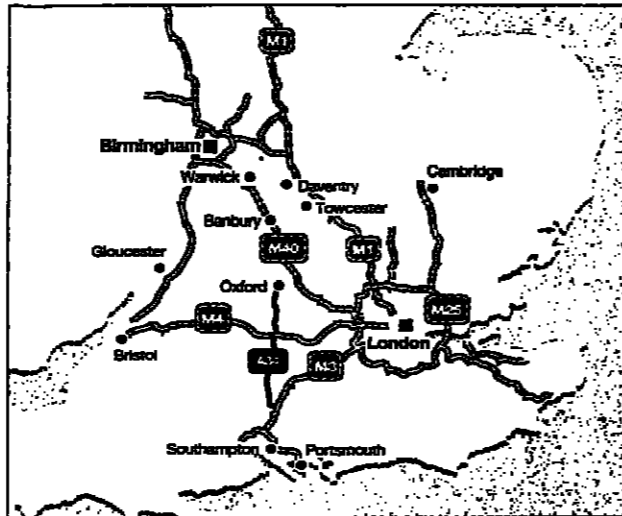
Of the three counties in the M40 corridor, the south Northants triangle between Banbury, Daventry and Towcester - Grafton Hunt country - was probably the least known...

The company is also selling the 18th century Manor House at Woodford Hale for £250,000. The price is attractive but the house is on the roadside...

Banbury-based Cherwell District Council agrees. Development will go up to the motorway but not beyond it - except that the owners of the large Banbury stockyard have permission to relocate beyond...

House prices in the M40 corridor have been on a roller coaster over the last decade. In the late 1980s they climbed as buyers anticipated the benefits that the new road would bring...

Prices have now returned to what they were in 1988 (in nominal terms), with a strong market in the top range above £350,000-£400,000...



The Mill House, Slapton, Northants. The guide price is £290,000. The house is a substantial Regency old rectory with 10 acres...



Middleton Stoney House, a substantial Regency old rectory with 10 acres is attracting offers around 20 per cent above the base price of £340,000



High Furze Farm, Tidmington, Warwickshire. For sale at £495,000

only. Noise does not afflict Court End in Adderbury, an attractive village with handsome stone houses south of Banbury (and west of the M40). Its price from Savills is £485,000. And the Cotswolds town of Chipping Norton is also too far for noise to be a worry...

part of Williamscoot House which belonged to the Loveday family from 1833 until 1968. Its owners share, with three other parties, the costs of maintaining 30 acres of grounds (mostly pasture) and, in an ingenious scheme, are simultaneously their own freeholders and leaseholders (for the 974 years at a peppercorn rent).

those who like folk music, the Fairport Convention festival, which takes place a few fields away for two nights every August, can be heard quite clearly. My children say that the crowds who attend are well behaved and the audience includes people of all ages.

The district valuer has agreed hundreds of claims for loss of value, but the compensation benefits present owners buying a house near the road or even a mile or two away.

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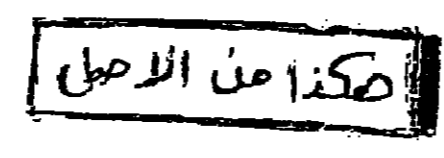
COUNTRY PROPERTY FOR SALE Detached house, CHESTER U.K. Living room, dining room, study, kitchen, utility, WC, Double garage...

Motoring/Stuart Marshall Above or below: how to cross the Channel

Motorists travelling between England and France will be spoilt for choice this year. Prices will be kept down and standards of service will go up because rival operators are fighting harder than ever before to attract custom.

Stick your neck out and take another look at the Mitsubishi Carisma

Mitsubishi has pitched its new Carisma hatchback into the British company user/chooser car market in a bid to dent domination of that market by the Ford Mondeo and Vauxhall Cavalier (now Vectra).



ARTS

A black mark for the Tate

The paintings speak for themselves without pseudo-social polemics, writes William Packer

Picturing Blackness. The latest thematic display from the collections of the Tate Gallery, fixes upon the pictorial incidence of black figures in the past, and upon the polemical treatment of "the issue" by black artists in recent years. "We urgently need," declares Paul Gilroy in his introductory pamphlet, "a more exhaustive account of how slavery, imperialism and colonialism contributed to the formation of modern British cultural styles and aesthetic tastes."



Slavery, imperialism and colonialism? 'The Beloved', 1865, by Dante Gabriel Rossetti

quietly endorses the mid-19th century view that the black would remain child-like when compared with the more highly-evolved European. The gloss given to the modern works can be no less disquieting. Lubaina Himid's painting (1991), of two black women in an open boat on a green sea, is one of a series, the caption says, in which black women are depicted "as strategists, creators and media-

tors of change." These two are "retracing the miserable and fateful journey of their ancestors on the slave ships... destroying the navigation maps that led Europeans to Africa, and the maps made by the white men to define their ownership of colonised lands." Some strategists they, this Owl and this Pussy-Cat. The Tate has lately bought them. Infinitely more justifiable a recent purchase is the "Crucifixion" (1959) by the Indian painter, P.N. Souza. It shows a black Christ with supporting figures set out in the hieratic Byzantine tradition. It refers openly to tribal African sculpture, and to the knowing primitivism of Picasso. It is what it is, and for once gets no further justification.

Television/Christopher Dunkley Post mortem on the Gulf

The excellent four-part BBC1 series The Gulf War confirms that television has now perfected a system for recounting and analysing the more apocalyptic events of recent history in a way that gives the general public a vivid overview which was not only unavailable to ordinary people previously, but unavailable even to privileged insiders.

We saw the beginnings of the technique 23 years ago in The World At War, made by ITV. This was made 28 years after the end of the second world war, just in time to catch many of the surviving key participants for interviews. More recently the same approach has been used to explain the cold war from the Russian side, the fall of the communist regimes in eastern Europe, and the imbroglio in the Balkans.

Open house at the salerooms

When the gavels are silent, the show goes on. Our critics report

Never deterred by the imposing portals and liveried doormen. The major London auction-houses consistently offer some of the best free shows in town. As if to hammer home the point while the gavels are silent in London, Sotheby's and Christie's are presenting an impressive group of loan exhibitions.

first published in 1979 and a long overdue subject for an exhibition. These paintings are, of course, vital documents of houses, palaces, parks and pleasure gardens long since demolished, and of the homes of important patrons of the young Turner, Girtin and John Varley. This selection of water-colours and drawings ought to tempt any viewer to visit one of the great Yorkshire houses.

ating rooms of the work of 20th-century and living artists. In terms of artistic quality the show is very mixed. There are some gems. The Turner from Lowther of the castle seen in misty Westmorland daylight and his painting of the same date of Brighton Park in Sussex are full of romance. John Constable's view of Englefield House has all the heavy cloud of his later landscapes. Constable had difficulty getting this into the Royal Academy because some members thought "it was only a picture of a house".



Anyone with a passion for music and hi-fi will feel instantly at home with ATC. In the true tradition of many small British companies, we have a single-minded passion for quality.

Sporting a goatee and waxed moustache, stetson and cowboy boots, he caused a stir striding across the fields of Aldershot and Farnborough. His inventions were funded not so much by the War Office but by the proceeds of the family's touring wild west show, The Klondyke Nugget. Breaking scores of international flying records for speed, altitude and endurance, he died a national hero in 1913 when his sea-plane crashed during a competition.

All the 140 pictures hanging in "The Artist and the Country House from the 18th century to the present day" are from private collections, many from the darker corners of great houses and some of them now revealed as major works of art. There are fine examples of the work of John Constable, J.M.W. Turner, Richard Wilson and Paul Sandby and two fasci-

glimpse of how our forebears actually saw their landscapes. The views of Claremont showing the landscape works William Kent have been used to help the National Trust restore the gardens.



'A View of a Secondary Front of Lord Berkeley's New House, The Durdans, Surrey' by Jacob Smits at Sotheby's

private world of the country house and its magic. There are dramatic bird's-eye views by contemporary artists Marcus May and John Warrander which have a real presence. The youngest painters in the show, James Hart Dyke

Royal Festival Hall listing table with columns for date, time, and performance details for various acts including jazz ensembles and orchestras.

Theatre/David Murray Life in Goldhawk Road

stoutly denies. Being motherless, they are now in semi-permanent residence, hoping to inherit something - the flat, at least, meanwhile they deliver themselves "consignments" hither and thither for lusty middle-aged Reg, who is so fly as to invite swatting.

too bright, is engagingly played by Neil Stuke, and John Simm makes Colin a memorably snotty, crotch-fingering little creep. We do not wonder what Suzanne Hitchmough's sextop Jo sees in him: questions like that are not going to receive any answers.

BOOKS

Manuscripts do not burn," says Voland, the Devil in Bulgakov's Master and Margarita.

Father, interrogator and murderer of the people

Logic was not the KGB's strong point. Arkady Ostrovsky looks into the archives

The KGB Literary Archive can best be defined as a collection of last chapters. Where scholars have had to put three dots in the biographies of such writers as Mandelstam, Babel, Gorky, Bulgakov, Florensky, Platonov, Shentalinsky's book has finally put a full stop to the outside world.

tor's subsequent question is illustrative of the Soviet judicial system: "How can you reconcile that declaration of innocence with the fact of your arrest?"

THE KGB'S LITERARY ARCHIVE: THE DISCOVERY OF RUSSIA'S SUPPRESSED WRITERS

by Vitaliy Shentalinsky The Harvill Press £18, 322 pages

of the first to accept the revolution and stage Soviet plays. Babel was not an anti-Soviet writer. One might wonder why Stalin killed a genuine Soviet writer like Pilnyak and granted life to Bulgakov and Pasternak, but the principles of logic and reason simply did not apply.

Mandelstam's sentence was changed to three years of exile. Physically alive, Mandelstam suffered psychiatric illness; he had hallucinations; he felt haunted. It was at that time that he wrote an ode praising Stalin. Stalin did not accept the sacrifice, just as he did not accept the sacrifice of Bulgakov who, also mentally broken, wrote a play about the Soviet leader.

times the deity would speak. Shentalinsky's book contains transcripts of Stalin's telephone conversations with Bulgakov and Pasternak. In both conversations Bulgakov and Pasternak asked to see and speak to Stalin. "What about?" Stalin asked Pasternak. "About life and death," answered the author of Doctor Zhivago. Stalin hung up. God could speak to you, but you could not speak to him, nor could you see him.

Build for the future

Most environmental tracts are doubly depressing. First, they remind their readers of what a dire state the planet is in. Second, they fill them with a numbing sense that the damage is so great there is nothing they can do about it.

The Green Imperative is different. Victor Papanek, an American designer and teacher, not only describes why it is important for architects and designers to take environmental issues into account, but explains how they can go about it.

Last great classicist

Brian Sewell reviews Ingres

No visitor to the museum largely devoted to the life and works of Jean-Auguste Dominique Ingres in Montauban, can fail to be astonished by his "Dream of Ossian". It is a large canvas, some 12 feet by nine, but in the vaults of memory it hangs much larger, the giant Romanic figures of James Macpherson's forgeries overwhelmed by startling pallor in the cold light of the Celtic north, yet their simplified



'Roger rescuing Angelica', 1817, by Ingres which hangs in the National Gallery, London

INGRES

by Georges Vigne John Murray £72, 352 pages

forms hold abstractions from the antique Classic south. These are the ghosts of murder, usurpation and unrequited love from an ancient past, come to haunt the poet, himself a distant Scottish fiction, and Ingres competes with Fuseli in making palpable the nightmare.

complete monograph." The French taste for Ossian, the Homer of the North, requires some explanation; in translation the poems were among Napoleon's favourite books, and Ingres' picture was commissioned as the ceiling for the Emperor's bedroom in the Quirinal, but of this Vigne makes no mention; nor does he tell us that the canvas, signed and dated 1813, was made rectangular in 1836, and that the work then executed by a student included the addition of the silhouetted soldier standing on the right, perhaps the painting's most immediately dramatic element.

him well in portraiture and the beautiful first stages of the nude, male as well as female, before he adjusted and distorted his figures to fit the artificial undulations and arabesques of finished compositions.



estate (4,000 drawings as well as the remaining paintings), and as a determined and passionate incorruptible, so often comes near to being a very good book, that one senses the intervention of bored editors who are not art historians and fear the discipline.

THE GREEN IMPERATIVE: ECOLOGY AND ETHICS IN DESIGN AND ARCHITECTURE

by Victor Papanek Thames & Hudson £14.95, 256 pages

The Green Imperative paints a chilling picture. Papanek produces facts and figures to support his assertion that we are in a state of ecological crisis: from the recent wave of typhoons in south-east Asia and torrential rains in Central America; to the illegal dumping of imported waste in Indonesia and a fire at a Virginia tyre dump that lasted for nine months.

He argues that architects and designers have a duty to do everything they can to improve the situation rather than continuing to place blind faith in new technology, ignoring the possibility of adverse side-effects. One example he cites is the decision to place two buildings with reflecting panels so close together that they generate intense heat which requires huge amounts of energy to be cooled.

Magic that grew into science

A.C. Grayling on the fascinating role played by magical instruments in scientific inquiry

Time's erosions have washed away the topsoil of history, leaving just the massive shapes of its geology behind. Look back across the intellectual landscape of the 17th century, and you see a mountain range: Galileo, Descartes, Newton, Locke. But their thought did not appear ex nihilo. They were marinated in influences, and surrounded by innovations, which time's simplifications have since almost buried. This surprising and instructive book in respect of one vital but unexpected ingredient in the growth of science: the use of magical instruments in scientific enquiry.

17th century a new kind of instrument made its appearance: the "philosophical instrument", so called because it aided the investigation of nature by acting upon the world in a way that revealed its properties. Telescopes, microscopes and the air pump are prime examples. They subject nature to distortions - enlarging it, bringing it nearer, creating vacuums - which force it to yield up its secrets.

not a systematic investigator, but nevertheless demonstrated the variety of effects that hidden forces produce. No theoretician, he made hundreds of

The same is true of the magic lantern, an entertaining device that made audiences gasp - even, in some cases, flee in terror - but which became a principal means of scientific education, and has since provided us with cinema and television.

which he believed living ducks, and indeed all nature, operate. One of the chief examples of how instruments, both furthered science and shaped its course is the invention of recording instruments such as Edouard-Léon Scott's "phonograph" for depicting sound. Scott's machine made wave-pictures of sounds picked up by its trumpet, and that introduced the possibility, later exploited by Thomas Edison, of preserving incoming messages as in telegraphy, and later still all the familiar technologies of recorded sound. More generally, it made possible the science of acoustics; a graphical trace aids description of complex sound waves in precise quantitative terms, very different from the subjective results

gathered by the unaided human ear. This suggests to the authors an important point for understanding the history of science. As instruments of natural magic were applied to scientific enquiry, so they broadened understanding of the world, shaped the way it is viewed, set the direction of science's development, and gave new images, conventions, and concepts to scientific discourse. "When we focus on instrumentation rather than theory," write the authors, "science appears to be determined by what instruments can do." In the conclusion to their fascinating book they discuss the implications of this insight into questions about the boundaries of science, the conceptual models scientists employ, and the nature of scientific objectivity. There is a salutary perspective on a tale that is usually told very differently, with theory as the main motor of scientific progress.

WHO'S WHO 1996. AVAILABLE NOW AT A & C Black. NEW AUTHORS: FRANCESCA RASERO, MARGHERITA MANTOVANI, GIULIA RASERO, MIRELLA GIULI, SANDRA GIULI, MIRELLA GIULI, SANDRA GIULI.

A Faustian portrait of Paris

Fiction/Miranda Seymour

that is beyond Stakgold's aspirations. This is a novel which explores and dares to fuse the worlds of science and art, politics and philosophy, ideas and imagination. It does so with an urgent intelligence and vivacity which make it irresistible. Having devoured it with avid haste, I look forward to savouring its subtle twists and magnificent set-pieces at leisure.

A Faustian portrait of Paris

Fiction/Miranda Seymour

the hapless assassin, Damians, as when he is discussing the intricacies of the Encyclopedie with Diderot, or showing his beautiful Creole mistress the secrets of the city he knows intimately. Alone, he reads the Book of Revelations and sees himself as another prophet.

A Faustian portrait of Paris

Fiction/Miranda Seymour

houses of the neighbourhood just as clearly as the tiny details which bring the philosopher's library before us; the meticulously arranged books, the fishbone pipe given by Jonathan Swift, the freshly cut goose quill pens, the looming portrait of the king above the fireplace.

as real as the stifled solons of Proust. Best of all, perhaps, is the section in which Rasero, newly fascinated by chemistry, joins forces with the brilliant young Antoine Lavoisier and watches him rehearsing some of his most celebrated experiments. There are flaws. The love scenes are dragged down by clumsy dialogue and some overblown imagery. The climax, in which Rasero meets Goya, lacks the credibility of many of the earlier episodes. The modern conclusion seems a bit contrived. But the defects are slight, and the achievement, extraordinary for a young writer who has never visited the city he describes, is resounding.

WEEKEND INVESTOR

Results due next week

Table with columns: Company, Sector, Amount due, Last year, This year. Lists companies like Abertorb Smaller Companies, Alexander Holdings, etc.

INTERIM DIVIDENDS

Table with columns: Company, Sector, Amount due, Last year, This year. Lists companies like Abertorb Split Level, Abnath Lloyd's Ins. Ltd., etc.

Dividends are shown net of tax and are adjusted for any intervening scrip issues. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results.

Last week's preliminary results

Table with columns: Company, Sector, Year, Pre-tax profit, Earnings, Dividend. Lists companies like Biff (NS), Biff (NS) Ltd., etc.

Last week's interim results

Table with columns: Company, Sector, Half year to, Pre-tax profit, Interim dividend. Lists companies like APTA Healthcare, APTA Healthcare, etc.

Current takeover bids and mergers

Table with columns: Company, Value of bid, Market value, Price. Lists companies like Acorn, Acorn, etc.

Rights issues

Table with columns: Company, Price, Amount. Lists companies like Abnath Lloyd's Ins. Ltd., etc.

Alternative Investment Market

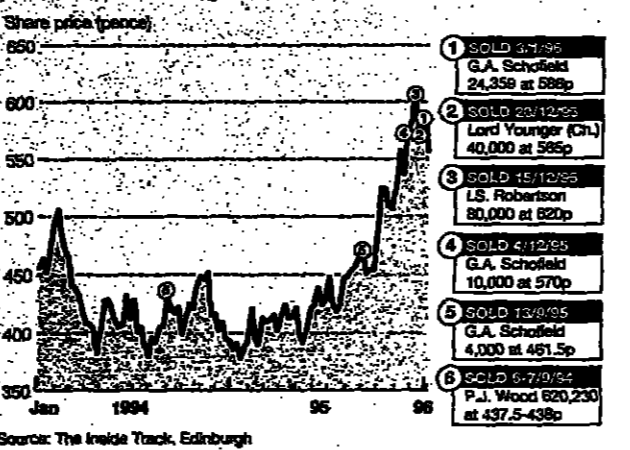
The pub market continues to excite interest from entrepreneurs and investors with the imminent arrival of Ofex of The Famous Pub Co. writes Christopher Price.

Directors' share transactions in their own companies

Table with columns: Company, Sector, Shares, Value, No. of directors. Lists companies like Abnath Lloyd's Ins. Ltd., Abnath Lloyd's Ins. Ltd., etc.

Royal Bank of Scotland

Over the past year Royal Bank of Scotland shares have enjoyed a tremendous period of growth. The activities of Direct Line Insurance have made the headlines, but other areas of business have also been doing well.



Permanent interest-bearing shares

These are the closest you can get to holding ordinary shares in a building society. They are fixed interest securities with no redemption period.

Table with columns: Company, Issue price, Minimum, Price, Yield. Lists companies like Birmingham Midland, Bradford & Bingley, etc.

Gilt issues - best value v tax status

Your capital gain on a gilt - a UK government bond - is tax free. However, you pay tax on the interest. Therefore, gilts which deliver a higher proportion of their total return as capital gain are more tax efficient.

Table with columns: Stock, Price, Yield, Volatility. Lists various gilt issues like CONVENTIONAL, INDEX-LINKED, etc.

New issues

Orange, the mobile telecommunications group, has been listed in a March floatation date for what will be one of the biggest new issues of the year, writes Christopher Price.

In the Pink

Rise in 'thinking power' provides food for thought

Semiconductors might be the road to riches, says John Train. It is an industry that doubles in size every five years

John Train is chairman of Montrose Advisers, investment managers in New York City

The use of semiconductors in games, cars, cellular telephones, facsimile machines, high-speed communications and television boxes has exploded and continues to grow unabated, creating wonderful investment opportunities.

conductors you have the commodity producers, such as Texas Instruments and National Semiconductor, also, however, there are such subsectors as programmable logic where the two main participants, Altera and Xilinx, are growing by 30 to 40 per cent a year because the flexibility of programmable logic makes it attractive compared with conventional logic.

Both are small companies now but they have outstanding prospects. They solve the problem of when to 'freeze the model' in custom chips. It takes time to design and produce a custom chip; by the time it is ready, there may have been changes in the market that make it obsolete.

Put another way, the thinking power of all the semiconductors made each year, including transistors in microprocessors and the bits of memory in memory devices, roughly equals the total thinking power produced in all the previous years since the beginning of time.

Because of this increase in power - the ultimate instance of the learning curve phenomenon - and a yearly fall in unit prices, industry revenues (now about \$100bn annually) increase far less than 100 per cent a year; more like 15 to 20.

This still means that the entire semiconductor industry doubles every five years, while the thinking power multiplies by 30. Some companies can grow twice (or more) as fast as industry revenues.

Most individual computer users are familiar with the makers of their own equipment: Apple, IBM, Sun, Silicon Graphics, Compaq, Dell, Digital Equipment or Hewlett-Packard. The applications of microcomputers and work stations are broadening constantly.

sales of around \$250m, is the leader in the global position system (GPS) market, the applications of which are multiplying daily. It profits from the \$10bn that the US government has spent to build a satellite system with signals that can be received on a handheld instrument.

The microprocessor is the central component of computers and Intel is the undisputed leader. There was a period of uncertainty in the 1980s when it was hurt by Japanese price-cutting. Today, Intel is far more diversified and has developed vastly greater production capability - it spends about \$3bn a year on new plant - along with a huge research and development programme.

Intel now should be regarded not only as a piece of the \$100bn semiconductor world but as one moving towards a two or three times larger share of the \$200bn or \$300bn information and communications worlds in only a few years. For the moment, though, it remains priced reasonably.

Then there is the Internet, which has spawned a family of companies to assist its users. Consider the Netscape phenomenon. The company was created in 1994 to bring to market a program to "browse" on the Internet. The research before the company's incorporation was excellent, as were management and the initial

list of investors. For the first half of 1996 the company had a turnover of less than \$17m. What, then, is a reasonable valuation for such a property? The underwriters decided that they might conceivably capitalise the whole company at \$500m, for an initial issue of 3.5m shares at around \$15 apiece.

New public offerings are not ordinarily priced to the advantage of the investors, but rather to the advantage of the company. Furthermore, while Netscape is a most interesting affair, there is competition in the field. Nothing stands still in the world of information software. So, capitalising a total turnover of less than \$17m at \$500m was what the trade calls "aggressive pricing".

In fact, however, public enthusiasm was so intense that the underwriters doubled the share price to \$28 before the issue came out, and also raised its size to 5m. This, in turn, meant the enterprise was being capitalised not at \$500m but \$1bn. And where are we today? The stock has risen to about \$170 and the company is valued at more than \$7bn.

The Internet is an astonishing development, and has created prodigious investments. Indeed, Goldman Sachs prophesies a \$2bn Internet software market in 1997 and, noting that Netscape's revenues should be doubling every year and profits rising faster than that, it has recently started to recommend the stock.

But do you remember the citizen's band (CB) radio vogue? The idea was that everybody would spend all their time talking to everybody else. When they didn't, the CB stocks swooned. Is Netscape, then, a sign of speculative madness? We'll see.

FT MULTIMEDIA Who will be the winners? 22 & 23 March 1996 Hotel Inter-Continental, Seoul, South Korea. Includes registration form and contact details for FT Conferences.

